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NEWS SUMMARY

GENERAL

Scargill throws down challenge

Miners' president Arthur Scargill threw down a challenge to the Government in his address to the miners' conference in Inverness.

He urged total opposition to pit closures and called for strike action to protect them, if necessary, expansion of the industry and support for "other sections of the working class," irrespective of the law.

Mr Scargill went on to call for a socialist policy for the Labour Party and attacked the plan to proscribe the Militant Tendency. Back Page and Page 10

Action extends

The TUC announced a plan to extend sympathetic action for the Health Service workers' pay dispute to more than 6m workers outside the NHS. Page 10

Poor conditions

Prison inmates enjoy better living conditions than junior hospital doctors, the British Medical Association was told. Page 9

Editor resigns

The editor of the Mail on Sunday Bernard Shrimsley has resigned, just two months after the paper's launch.

Polish prices

Food in Poland is now so expensive that 30 per cent of ration cards issued are unused, said the Bishop of Katowice. He said food prices had risen 400 per cent since February.

Baby claim

Italian police arrested the director of a Telese hospital, three doctors and two other hospital employees on charges of selling babies.

Guilty verdict

South African intelligence agent Martin Dolincheck was found guilty of treason in the Seychelles in connection with last year's foiled coup. He will be sentenced today.

U.S. energy move

The U.S. is to pull out of United Nations energy projects in Europe which could aid the Soviet bloc, UN officials said. Siberia gas pipeline, Page 2

Club fire 'arson'

The probe into Dublin's Stardust Club disco fire, in which 48 died, decided that it was "probably started deliberately."

World Cup

Paulo Rossi scored a hat-trick to give Italy a shock 3-2 win over favourites Brazil, to secure a semi-final place.

Price order

An Aldershot garage which cut petrol prices to £1.43 a gallon was ordered to increase them by police after queuing motorists caused traffic jams. The price was raised to £1.58.

'Disbanding'

One of the world's top brass bands, Fodens, may disappear after the withdrawal of its American sponsor.

Briefly . . .

Miguel de la Madrid claimed victory in the Mexican presidential election. Page 6

Thousands of black goldminers rioted in South Africa, throwing stones and burning down a shop.

Mozambican guerrillas shot down an air force helicopter, killing all seven on board.

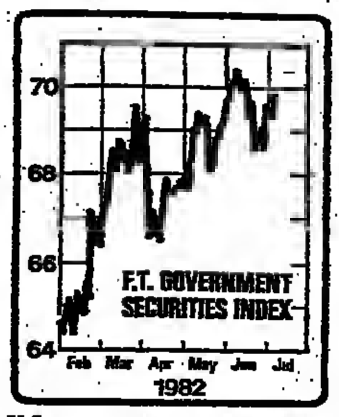
Winning number for the £250,000 Premium Bond prize is 18VT 458278. The winner comes from Leeds.

Fire bomb badly damaged a pub in the Sandy Road area of Belfast.

BUSINESS

Hopes of interest rate falls aid gilts

● GILTS were strong following hopes for lower interest rates in the UK, while easier European rates and favourable



U.S. money supply figures also boosted the trend. The FT Government Securities index rose 0.46 to 69.85, its highest for three weeks. Page 33

● EQUITIES were firmer under the influence of gilts. The FT 30-share index closed 5.4 higher at 548.4. Page 33

● WALL STREET was closed for the U.S. Independence Day holiday. Page 28.

● STERLING was little changed, easing to $1.73 ($1.7315) in London. It also eased to DM 4.285 (DM 4.2875) and FFr 11.88 (FFr 11.89), but rose to SwFr 3.645 (SwFr 3.6425). Its trade-weighted index was 91.4 (91.3). Page 34

● DOLLAR was quiet with U.S. markets closed for Independence Day. It closed in London at DM 2.4775 (DM 2.476), Y257.20 (Y256.45) and SwFr 2.1065 (SwFr 2.1035). Its index was 121.3 (121.0). Page 34

● GOLD rose $2.25 to $315.25 in London. Page 27.

● ROYAL DUTCH / SHELL Group has called a halt to its programme for running down surplus oil stocks, which may indicate that the world-wide glut is disappearing. Back Page

● THIRD WORLD textile exporters are to unite against what they see as the European Community's attempt to deprive them of concessions under the Multifibre Arrangement. Page 6

● COMPANY liquidations and bankruptcies increased 21.7 per cent in the first half of 1982 to a record 5,550, according to published surveys. Page 8

● FRANCE has reversed its earlier refusal to implement 3-4 per cent price rises for steel agreed by the European steelmakers in Eurofer, but will not raise domestic prices.

● ARGENTINA is about to announce a reflationary economic package, including devaluation of the peso and salary increases of at least 20 per cent for state employees. Back Page

● CITIBANK is to lead the financing by 12 UK and three Norwegian banks for Statpipe of Norway's gas pipeline system. Page 6

● TURKEY plans to aid its largest textile company, Guney Sanayi, which had a turnover in 1980 of $300m (£173) and was recently forced to close. Page 32

● SGB GROUP, the scaffolding and plant-hire concern, made taxable profits of £5.17m in the half-year to March 31 against £4.97m previously. Page 23; Lex, Back Page

● ROPNER, the engineering and shipping concern, made pretax profits in the year to March 31 of £6.05m (£6.32m) with turnover down £1.15m. Page 22

● LRC INTERNATIONAL taxable profits for the year to March 31 rose to £9.01m from £7.03m with good gains in the second half. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Fund. 6¼pc 1985-87	£83¼	+ ¼
Treas. 11¾pc 2003-07	£89¼	+ 1
Anchor Chemical	96	+ 5
Brit. Aerospace	235	+ 7
Cable & Wireless	298	+ 5
Eagle Star	358	+ 15
Fisons	362	+ 7
GEC	998	+ 13
Heath (C. E.)	358	+ 13
LRC	59	+ 4½
Lagaorsle Estate	25	+ 2
MK Electric	410	+ 7
Merrydown Wine	101	+ 7
Midland Bank	325	+ 10
Minet	145	+ 6
North (M. F.)	36	+ 5
Press (Wm.)	60	+ 4
Stakis	66	+ 8
TI	108	+ 4
Tate of Leeds	96	+ 4
KCA Int.	70	+ 6
Assam Frontier	300	+ 35
Gencor	650	+ 20
FALLS:		
Bibby (J.)	270	− 5
Elliott (B.)	40	− 5
Granada "A"	186	− 7
Lister	27	− 2½
Reardon Smith "A"	58	− 7
Textured Jersey	65	− 7
Witkins & Mitchell	3	− 2

Resistance by drivers to rail strike grows and some trains run

BY PHILIP BASSETT, LABOUR CORRESPONDENT

RESISTANCE to the call by the train drivers' union, Aslef, for an indefinite strike over British Rail's decision to impose new flexible-work rosters, appeared to be growing yesterday.

On the second day of the strike, BR managed to run a greater proportion of services than expected, a small but significant number of members of the Associated Society of Locomotive Engineers and Firemen reported for duty, and most of the drivers in the National Union of Railwaymen (NUR) seemed to have reported for work, despite Aslef pickets. Presure from Aslef branches is now building up for the union's annual conference to be recalled to discuss the whole issue.

While train services were sporadic yesterday, BR managed to run significantly more than during the brief NUR strike last week. BR estimated that it had mounted about 1,250 services, or about 8 per cent of its normal daily total.

Services were run in every BR region, though, in such regions as Western and Scottish, there were fewer than elsewhere. In London and the south-east, services were particularly good for a strike day, with every main line London station offering trains.

Intercity services, from such cities as Leicester and Derby were operating almost normally and some services were even provided from such Aslef strongholds as King's Cross station in London. However, BR did very poorly with freight services, with little movement of such essential supplies as coal, oil and steel.

The affiliation of the drivers who worked was vigorously disputed. Aslef claimed that only a very small minority of its members had turned up for work. One union estimate held that about 25, of the 100 or so drivers it claimed were working normally yesterday, belonged to Aslef. BR, however, reported a growing number of Aslef drivers turning up throughout the day as various shifts reported for work. BR hopes that this growing of resistance to the strike call will inspire more drivers to turn up for work today.

BR managers at local level were differentiating between NUR and Aslef members when assessing the extent of the strike. First figures taken at 9 am showed 71 Aslef drivers reporting for work across the country, compared with 69 of the NUR. These numbers grew to 156 Aslef drivers by 1 pm, compared with 193 from the NUR. At the end of the day, the proportion was roughly 50-50.

Out of the 14,000 drivers rostered to work yesterday, this seems a tiny proportion. Indeed, most unions would regard such a strong response to a call for a national strike as a success. Aslef, though, has enjoyed by tradition virtually a total response to strike calls. Any lesser response implies a significant lack of support by the membership.

Large numbers of NUR drivers clearly turned up for work yesterday and manned trains.

BR managers will decide later this week whether the level of support justifies keeping open the rail network, or whether the loss of revenue, and the high operating costs, will force a complete closure.

The drivers who turned up are regarded by BR as having given tacit acceptance to the new flexible roster system, even though not enough drivers reported for duties—at the 31 depots where the rosters have been posted for the first time—for the new system to operate.

Senior BR officials said that large numbers of Aslef members were voicing their disquiet over the strike to the union's headquarters.

Full Government backing for BR, Page 10

Output prices rise by only 0.4%

BY ROBIN PAULEY

MANUFACTURERS' output prices increased by only 0.4 per cent in June. This means the annual rate of increase has now declined for six successive months. However, there was a substantial jump last month in industry's raw material costs.

The output figures are a boost for the Government at a time when most other indicators are consistently failing to provide evidence of a major upturn in the economy. Output prices—the prices charged by manufacturers to wholesalers— tend to be a reliable early signal as to the likely movement of inflation as measured by the price of goods in the shops.

The annual rate of retail price rises is currently 9.5 per cent and yesterday's wholesale figures confirm the Government's optimism that its own projection of 9 per cent at the year-end and 7.5 per cent by next spring might be bettered.

The Industry Department said that output prices increased by 0.4 per cent in June compared with May, taking the index for the factory gate prices of British manufactured goods to 239.2 (1975=100).

The year-on-year increase fell to 8.25 per cent compared with 8.75 in Msy. The annual rate is at its lowest level since January 1979.

The more erratic index for the costs of industry's fuel and raw materials increased by 2.3 per cent in June, having fallen by 0.6 per cent in May, increased 1.25 per cent in April and fallen by 2 per cent in March. This shows the extent to which this index is bedevilled by movements of oil prices and the value of sterling.

The June rise, the biggest jump since January 1980, was almost entirely due to sterling depreciation against the dollar which produces higher sterling prices for crude oil. Sterling dropped from an average value of $1.812 in May to $1.757 in June. There was also a rise of $2 a barrel in the price of North Sea oil.

The June increase took the input price index to 242.7 (1975=100). The year-on-year change was 5.5 per cent in June compared with 5 per cent in Msy, the first increase since last October. May's figure, on the other hand, had been the lowest figure since November 1978.

£ in New York

—	July 2	Previous
Spot	$1.7325-7350	$1.7405-7420
1 month	0.41-0.44 pm	0.39-0.42 pm
3 months	1.35-1.40 pm	1.33-1.36 pm
12 months	4.80-4.90 pm	4.72-4.85 pm

Israelis increase pressure on West Beirut

BY DAVID LENNON IN TEL AVIV AND JAMES BUCHAN IN BEIRUT

ISRAEL stepped up the military and economic pressure on the Palestinian guerrillas and Lebanese civilians in West Beirut yesterday, shelling the southern outskirts of the city and cutting off food and other supplies from the east.

A ceasefire which had been due to go into effect at 4 pm had little immediate effect, although Israeli officials said there had been some lessening in the frequency of exchanges.

President Ronald Reagan called for an early settlement of the crisis. Mr Larry Speakes, deputy Press Secretary, said negotistinns on Israel's demand for a withdrawal of Palestinian guerrillas from Beirut had reached "a most sensitive stage."

"The U.S. has made clear to all parties the imperatives of the ceasefire. It is essential that the fighting stops and negotiations proceed in good faith," he said.

In Beirut, people queued for hours in an attempt to buy bread and other foodstuffs, fearing that the Israeli blockade of crossing points into the west of the city could empty shops within a couple of days.

Power and water supplies were also cut to several parts of the city which had for the past fortnight been subjected to periodic interruptions. Guerrillas fired into the air to force their way to the head of queues outside petrol stations.

Shelling of Palestinian positions in the south of the city continued for much of the day. Fierce fighting was reported near the Lebanese University close to the airport.

Shells also landed in the grounds of the Presidential Palace at Baabda. One wrecked the official car of Mr Fouad Boutros, the Foreign Minister, and badly injured his driver.

Mr Chafik al-Wazzan, the Lebanese Prime Minister, has warned that the renewed fighting and the blocking of food supplies to West Beirut has meant that he could no longer act as a mediator in efforts to reach a diplomatic solution.

He said that his withdrawal from the talks with Palestinian leaders and Mr Philip Habib, the U.S. special envoy, would "inevitably have a negative impact on the negotiations."

Officials in Jerusalem said that the aim of both the military activity and the blockade of supplies was to increase the pressure on the Palestine Liberation Organisation to surrender and leave the Lebanese capital.

The officials said that there had been intensive contacts between Jerusalem and Washington yesterday. From the Israeli side these were aimed at clarifying whether the PLO was seriously negotiating for a peaceful end to the siege, or was simply trying to buy time.

Yesterday President Hafez al-Assad of Syria held a second round of talks with Saudi Arabian leaders in the Saudi summer capital of Taif.

The Syrian leaders are thought to be trying to persuade Gulf oil-producing states to put pressure on the U.S. to restrict threatened Israeli action in Lebanon.

Details, Page 4

OECD calls on U.S. to reduce its budget deficit

BY DAVID MARSH

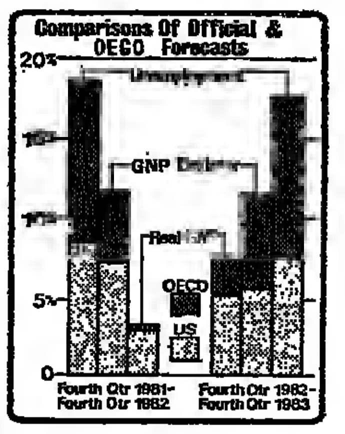
A FRESH call for the U.S. to pave the way for lower world interest rates by reducing its budget deficit — possibly through selective tax increases —has been made by the Organisation for Economic Co-operation and Development.

In a survey on the American economy, published today, the OECD Secretariat says very high real interest rates in the U.S.—which may even rise slightly over the next six months—are prolonging the world recession and contributing to protectionist pressures.

It also urges that U.S. monetary policy, while remaining firmly geared to bringing down inflation, should show "more flexibility" than has been suggested by recent medium-term pronouncements and target ranges.

The OECD, which already last year made clear its considerable scepticism about the Reagan Administration's growth forecasts, is much more pessimistic than Washington about the U.S. economic outlook.

It forecasts only 0.3 per cent real growth in gross national product this year, rising to 2.4 per cent next year, in both cases well below official U.S. projections.



Although the U.S. budget shortfall is not large by international standards in terms of the size of the economy, it is still sparking off inflationary fears on the bond markets, the OECD says.

The interest rate of new corporate bonds is projected at 14.2 per cent by the end of this year, falling only slightly to 13.3 per cent by end-1983, compared with 15 per cent last year.

Prime rate is forecast to rise to 17.5 per cent by the end of the year from the present 16.5 per cent—and to remain at 16.5 per cent until end-1983.

This is in spite of a much faster than expected fall in inflation—to under 6 per cent —which the OECD bluntly says is mainly the result of the weakening of the economy.

Interest rates are still being kept high by bond market fears that large budget deficits will cause inflation, it says. The effect on market expectations of what would normally be called deflationary fiscal measures—lower deficits—would actually promote growth in the U.S. and allow other countries to relax policies too.

It suggests a number of deficit-cutting measures which would maintain the desired pattern of incentives while also improving America's tax structure.

Among these are excise taxes

Details, Page 6
Continued on Back Page

British Telecom plans 3.3% tariff increases

BY GUY DE JONQUIERES

BRITISH TELECOM yesterday announced a package of proposed tariff changes which, it said, would increase subscribers' bills by an average of 3.3 per cent from November 1.

The planned increases, which follow an average rise of 9.5 per cent last November, are the lowest for more than 10 years. They reflect a big improvement in BT's profits to an estimated £450m for the year to March 31, from £180.7m in 1980-81.

The rise in business customers' bills is expected to work out at less than the overall average, at 1.6 per cent, according to BT. But domestic customers' bills are expected to increase by 5.4 per cent on average.

This marks a further stage in BT's policy of progressively rebalancing tariffs. It aims to reduce the cross - subsidy between its profitable international and long-distance services, which are mainly used by business and its loss-making local service.

The package, which must be approved by the Government, contains proposals to cut tariffs for some services and to raise charges for others. It would also introduce a charge for directory inquiries, which are currently provided free at a cost to BT of £67m last year.

Charges for international calls, particularly to places beyond Europe and North America, would fall by as much

Continued on Back Page

Heron acquires 5.1% stake in UDS

BY RAY MAUGHAN

HERON CORPORATION, the private property and vehicle distribution group headed by Mr Gerald Ronson, added fuel to the takeover speculation surrounding UDS Group when it announced last night that it had acquired a 5.1 per cent stake in the department stores, women's fashion and menswear retailer. UDS is best known for its Alders, Richards Shops and John Collier chains.

UDS shares had added 2 to 61p at the close of Stock Exchange dealing last night, at which point the group is valued at £116m. Its assets, however, have recently been revalued at almost 200p per share on a current cost basis.

Heron has recently approached and been rebuffed by F. W. Woolworth, the variety stores group, but has consistently denied any interest in UDS. It transpires, though, that it has for the last eight months held just under 5 per cent through its National Insurance and Guarantee Corporation subsidiary and another investment offshoot.

It bought more shares yesterday to push its holding through the level at which it must under Stock Exchange rules, make public its stake.

Mr Alan Goldman, finance director, said Heron's insurance subsidiary had bought and sold shares in UDS on several occasions but the current holding had been built up because the group looked like "an interesting recovery situation." He said Heron, which as recently as March was competing fiercely with The Bell Group of Australia for control of Associated Communications Corporation, had acquired large holdings in many companies before selling.

He cited M. C. Janes, the building group, Henlys and Mann Egerton, the vehicle distributors, as examples. In each case their activities had many similarities with Heron's own operations.

UDS profits fell from £16.24m to £13.74m in the year to January this year against a pretax peak of £27.82m two years before and profits of £25.5m eight years ago.

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For latest Share Index phone 01-246 8026

SIBERIAN GAS PIPELINE PROJECT

West holds Moscow talks on U.S. curbs

BY ANTHONY ROBINSON IN MOSCOW

WESTERN companies involved in the Siberia-Western Europe pipeline project will meet gas industry officials in Moscow today to review the project in the light of President Reagan's extension of export restrictions to the foreign subsidiaries and licensees of U.S. companies.

The meeting takes place against a hackground of fierce condemnation of the U.S. decision by the Soviet Government and a massive domestic propaganda campaign.

The campaign is aimed at convincing the Soviet public that their country has both the will and the means to complete its ambitious gas targets—alone if need be.

The Soviet media has carried reports of factory assemblies of outraged workers pledging themselves to reach new heights of hard work and creative labour, to prove the impracticability of U.S. efforts to put pressure on the Soviet Union.

The official media's champion has become the Nevsky Zavod combine in Leningrad, which, it is claimed, will soon start serial production of a new 25 mw gas turbine. These will be more efficient than those on order from Western companies using General Electric licences.

The new turbine, code numbered the GTN-25, will be roughly the same weight as the current Soviet standard 10 mw turbine.

It can be built in half the time and with half the labour of the current model, which has been the mainstsy of Soviet-built gas pipelines for many years, the Russians claim.

The trouble is that deep down in the small print lies the fact that only two of these machines exist, and both are experimental models being run in on the Nevsky factory test-bed.

The main problem is to get the machines into serial production at great speed and this has become the Soviet Union's indnstrial priority.

According to the government newspaper, Izvestia, outraged end patriotic workers have promised to boost productivity by up to 30 per cent. Mr Leonid Dmitrievich, Nevsky works foreman, told Izvestia of the lengthy delays before the old 10 Mw model was ready for reliable series prodnction. But now, he said: "They are coming off the line like hlinies (pancakes) and we can make them with our eyes closed."

Western businessmen in Moscow, however, show scepticism about the new 25 Mw model being turned out "like blinies" for some time.

In the meantime, the credibility of the veiled Soviet threat to do without Western-built turbines and other equipment for the 4,465 km pipeline depends largely on its willingness to substitute existing 10 Mw compressor turhines for Western imports.

Western experts believe this is technically possihle, but only at the close of a major revision of the entire project. It would demand many smaller pumping stations alongside the pipeline, rather than the 40 or so pumping stations with three 25 Mw turbines each, as in the current plan.

This would strain the already overloaded gas construction industry, and prohahly cause delays to the other five domestic gas pipelines which will run parallel with the West European pipeline for mnch of its length.

This could, however, be the prices the Soviet Union is willing to pay to demonstrate its political determination not to appear susceptible to Western economic pressure.

Exports decline expected for Iceland's fisheries

PARIS—Exports by Iceland's fisheries industry are likely to decline this year and show little improvement in 1983, damaging prospects for overall economic growth, according to a report released yesterday.

The Organisation for Economic Co-operation and Development (OECD) said in its latest economic survey of Iceland that performance in the fisheries industry could offset possible improvements in other sectors, such as metals.

Production at Iceland's two main smelting plants is likely to increase in 1982, after they operated below full capacity last year, and exports of metals are expected to improve.

The overall outlook is for relatively flat exports this year and a rise of 2 to 3 per cent in 1983, the OECD said.

Domestic demand is expected to be sluggish this year and next and real growth in GNP may not show more than a marginal improvement in 1982 and 1983 after rising by 1½ per cent in 1981, it added: Renter.

Low French growth rate forecast

BY DAVID HOUSEGO IN PARIS

FRANCE'S rate of real economic growth is now likely to fall helow 2 per cent this year, according to the influential Economic and Social Council.

The council, in which unions and employers are represented, is an important government adviser. It is the first semi-official organisation to state puhlicly that even a 2 per cent growth rate might he impossible to achieve as a result of the further depressing effect of the post devaluation measures.

The Government had originally estimated a 3.3 per cent growth rste for this year hut the forecasts have continually heen revised downwards under adverse international and domestic economic conditions.

This follows growth of 0.3 per cent last year — the lowest since 1975.

The Economic and Social Council concludes that the lower growth rate will also have a depressing effect on employment — an implication that the Government has so far been reluctant to draw publicly.

In line with the revised forecast from the council, INSEE, the official statistics institute, finds in its latest survey of business opinion in June that industrialists see "no improvement in production in the coming months."

Production resumed yesterday at Talbot, the French motor company, after a four-week strike which cost the company about 35,000 cars in lost output, writes Terry Dodsworth in Paris.

The end of the dispute, the third wrangle in the French motor industry this year, came after publication of an independent arbitrator's report proposing staged salary increases and changes in working practices.

West German jobless rate near record post-war level

BY KEVIN DONE IN FRANKFURT

THE PROLONGED recession in the West German economy is holding unemployment rates close to record post-war levels.

Some 1.65m people were officially out of work in June, an increase of 524,588 or nearly one-third compared with the same month a year ago.

Around 6.8 per cent of the workforce was unemployed in June with the level virtually unchanged since May with an increase of 4,489.

The number of joh vacancies is still falling with a reduction in June of 2,500 to 117,741, a cut of around 50 per cent over the last year.

In addition, some 428,693 workers were on short-time working last month, 26,150 less than in May hut 111,744 more than in June 1981.

Hardest hit is the construction industry which is suffering the deepest recession since the war.

Some 2,200-2,400 huilding companies are expected to go hankrupt this year, according to the West German Building Industry Federation — a dramatic rise from the record 1,515 building industry failures last year.

In the first four months of this year, 800 huilding companies filed for hankruptcy or for protection from their creditors.

In the same period, new orders for the building industry fell hy a further 10.9 per cent compared with the same period a year ago.

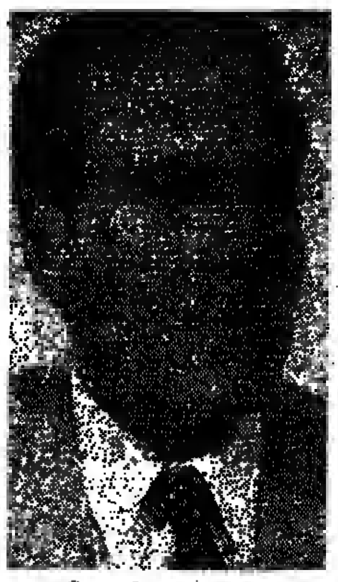
According to Dr Günther Herion, federation president, building industry actively is likely to fall 78 per cent helow last year's already depressed level, throwing several thousand huilding workers out of work.

There were no signs of an early recovery, said Dr Herion, and the best that could he hoped for 1983 would be that production might stabilise at a low level.

The sector hardest hit is road-building hecause of cuts in public expenditure. Building machinery is being nsed at less than 50 per cent of capacity.

On a seasonally adjusted basis, unemployment in West Germany has been increasing month-by-month for more than two-and-a-half years doubling in this period to more than 1.8m.

Next winter, the jobless figure is expected to jump to more than 2m, the highest level since the early 1950s, Herr Josef Stingl, head of the Federal Labour Office said yesterday.



Gerassimos Arsenis

Greece's economy in new hands

By David Tonge

MR GERASSIMOS ARSENIS, Greece's new economics overlord, has taken a year to live down the prophecies of gloom that he made to a closed meeting of Dr Andreas Papandreou's supporters hefore last October's elections.

He spelled out the prohlems of introducing Socialism in a country suffering from stagnation and over 20 per cent inflation—and was ahle to hnttress his arguments by citing the prohlems faced hy the Sandinista Government in Nicaragua which he had heen advising.

However, his warnings went down badly with the party faithful. They insisted that someone closer to the party line be put in charge of the economy.

Now, after eight months in office, Dr Papandreou has had to accept that Mr Arsenis was right. From being Governor of the Bank of Greece, Mr Arsenis has been given the newly-appointed post of Minister of National Economy.

He recently caused a chill among Greek industrialists when he asked them why they kept demanding to know what the Government would do for them.

Which do you prefer, he is quoted as saying, free private enterprise in a declining economy or a flourishing state sector which leaves room for private initiative?

Vatican urged to accept Ambrosiano responsibilities

BY JAMES BUXTON IN ROME

THE ITALIAN Government is putting pressure on the Vatican to accept what it considers to be its financial responsibilities for at least part of the exposure of subsidiaries of Banco Ambrosiano. Sig Roberto Calvi, the hank's former chairman, was found dead under Blackfriars Bridge in London on Jnne 18.

The Government has made a diplomatic approach to the Vatican and on Saturday two of the three commissioners investigating Banco Ambrosiano's affairs had a meeting with officials of the Secretariat of State, the Vatican department which deals with governments.

This followed a meeting on Friday between the commissioners and Monsignor Paul Marcinkus, the chairman of the Vatican's Bank Istituto per le Opere di Religione (IOR). This meeting was considered unsatisfactory by the commissioners, who were appointed hy the Bank of Italy.

On Friday Sig Nino Andreatta, the Treasury Minister, said in Parliament: "The Government is expecting a clear acceptance of responsibility on the part of IOR, which in some operations with Banco Ambrosiano appears in the role of an effective partner."

It is alleged that IOR signed letters of patronage, though not letters of formal guarantee, of at least part of the deht exposure of Banco Amhrosiano's foreign subsidiaries of \$1.4bn (£781m). It was a letter from the Bank of Italy demanding an explanation of this expoaure which appears to have precipitated Sig Calvi's flight from Italy

Archbishop Marcinkus is understood to have told the commissioners that though he signed the letters of patronage, he did so only in response to a special request from Sig Calvi and he received a letter from Sig Calvi absolving IOR from financial responsibility. He is understood to have shown this letter to the commissioners.

IOR is prepared to accept direct responsibility for a loan to it of \$250m from Banco Andino, which is an offshoot of Banco Ambrosiano in Lima, Peru, the commissioners were told. But a direct obligation of this nature remaina quite distinct from the kind of arrangement suggested in the allegations against IOR over letters of patronage.

Archbishop Marcinkus is believed to have resigned from the board of Banco Ambrosiano Overseas of Nassau — another of the banks which the Bank of Italy said bore part of the \$1.4bn exposure.

Spadolini begins talks on wage indexation

BY JAMES BUXTON IN ROME

SIG GIOVANNI SPADOLINI, the Italian Prime Minister, yesterday began talks aimed at preventing the collapse of his government on the issue of wage indexation.

The talks began as official figures showed that for the first time in 10 months, Italy's inflation rate failed to drop last month.

Inflation in June was static at 15.2 per cent, the highest in the EEC after Greece, having declined from 20 per cent a year ago.

Other statistics ahow that real wages, which last year grew hy 3 per cent against a hackground of no economic growth, continued to ontpace inflation for most workers up to May this year. This is attributed to the effects of the Scala Mohile wage indexation system on top of the hasic wage rises.

However, the number of unemployed in Italy fell helow the psychological barrier of 2m in the quarterly figures to April this year. The number of officially unemployed was 1.954m, making up some 8.6 per cent of the registered labour force. Unemployment crossed the 2m harrier last July, but remained below 3.1m.

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Ray Dafter, Energy Editor, looks at offshore output prospects

Norway's production: doubt sets in

THE Norwegian Government has just announced a new round of offshore oil exploration licensing at a time when many in the industry are questioning whether the country will fulfil its production ambitions.

The doubts are expressed forcefully in a report published this week by North Sea oil analysts at stockbrokers Wood, Mackenzie. They point out that in 1974 Norwegian authorities suggested that an annual production rate of some 90m tons for oil and natural gas combined might be a reasonable aim. Such a production level would represent a "moderate" rate of reserve depletion.

"Since then this figure has become enshrined as a central feature of Norwegian oil rhetoric," say the brokers. But it was doubtful whether output from existing projects would reach this level. It might not even be possible to achieve the level of 90m tons output.

The Ministry of Petroleum and Energy itself has periodically reported that output from Norwegian fields in production or under development will fall well short of the equivalent of 90m tons. (In its calculations, the Ministry converts its measurement of gas to the weight of oil on the basis of energy content.) The Ministry says* that output will remain at about 50m tons of oil equivalent (toe) until next year when it will begin to rise. In the late 1980s-early 1990s the production level should be between 60m and 70m toe.

Last year Norwegian production totalled 48.8m toe, split roughly equally between oil and natural gas. The output was over seven times the level of Norwegian oil consumption (6.8m tons).

As a further indicator of Norway's petroleum wealth, the Petroleum Directorate has estimated proven and probable reserves at between 4bn and 5bn toe, enough to sustain the present level of production for about 100 years. Only Middle Eastern countries like Kuwait can boast such a high reserve-to-production ratio.

But, according to Wood, Mackenzie, many of the newer field developments appear to be marginally economic "at best," given the rigorous tax system and the problems of controlling costs in a demanding production environment. Returns for the oil industry were also being eroded by the high level of licence involvment of Statoil, the state oil corporation.

The brokers add that many of the discoveries now being made are in conditions—remote locations in deep water — that may make development difficult. However, unlike the UK Government, Norway has opted to build a state-backed gas-gathering pipeline network to collect natural gas and gas liquids from a number of offshore fields.

In spite of the problems Wood, Mackenzie sees the prospect of a number of new field developments over the next few years, projects that will provide work for the North Sea support industries in Norway and other parts of Europe, including the UK.

Next year, for instance, the brokers expect British Petroleum to initiate the development of its Ula Field, a prospect with an estimated 160m barrels of recoverable oil and between 50 and 70 bn cubic feet of gas. Ula could be on stream in 1987.

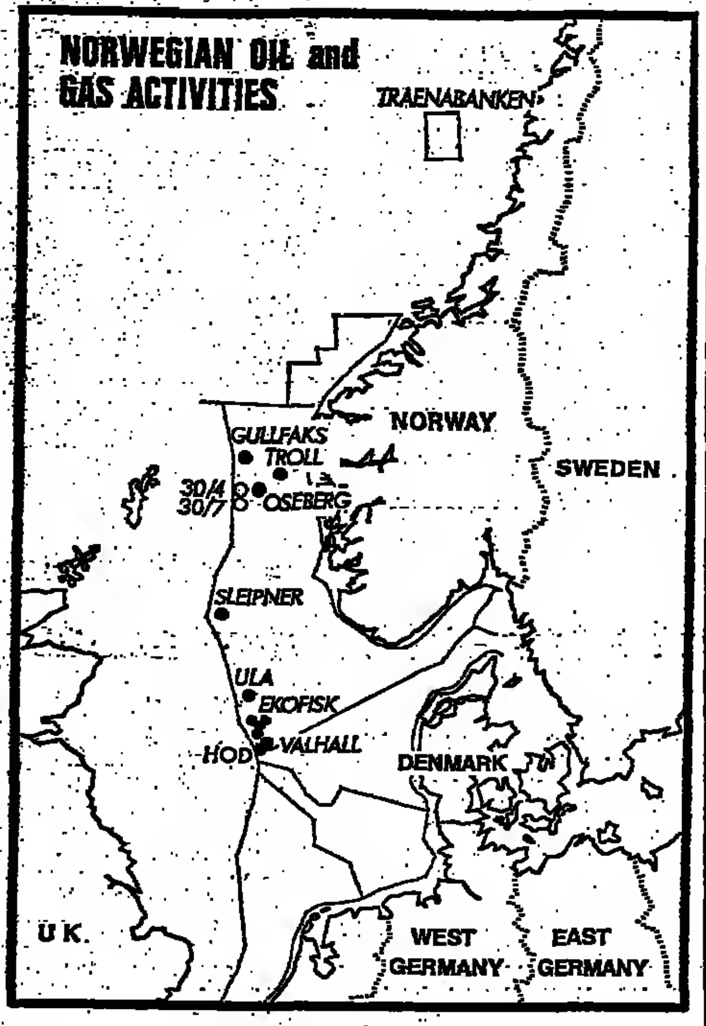
Also in 1983 Phillips Petroleum could begin a project, perhaps costing around $2bn (£1.16bn), to improve the recovery of oil in the Ekofisk complex of fields. By injecting water into the reservoir Phillips may be able to push out a further 200m barrels of oil, according to the brokers' report.

In 1984 two more projects may be initiated: Norsk Hydro could begin the development of its "silver block" discovery in concession 30/6 — unofficially called Oseberg — and Statoil could start work on the Sleipner Field.

These projects, possibly costing some $16bn between them, could be on stream by about 1990. Oseberg is thought to contain 750m barrels of recoverable oil and between 1.5 and 2 trillion (million million) cu ft of gas. Sleipner contains relatively small reserves of oil —some 75m barrels—but a good deal of natural gas, an estimated 6.7 trillion cu ft which British Gas Corporation would like to buy.

At least four projects are in prospect for initiation in 1984 and beyond:

● Gullfaks phase two on Statoil's block 34/10, originally labelled the "golden block" because of its substantial oil-producing potential. The phase two development could tap 700m barrels of recoverable oil and 400bn cu ft of gas.



● Troll area around the 31/2 Statoil/Shell block. Here recoverable reserves are estimated to be between 1bn and 3bn barrels of oil and 50 to 60 trillion cu ft of gas. This makes Troll potentially one of the world's most important offshore oil and gas discoveries.

● Amoco's Hod Field and Valhall Field extensions which between them may contain 180m barrels of recoverable oil and 8bn cu ft of gas.

● Prospects in blocks 30/4 and 30/7, operated by Norsk Hydro and BP, which are thought to contain between 1.5 and 2.5 trillion cu ft of gas.

In spite of future production uncertainties, the oil industry has every reason to be encouraged by the level of discoveries in recent years. Last year, for instance, 25 exploration wells were drilled, of which 11 resulted in discoveries.

The industry is particularly interested in the area to the north of parallel 62 degrees which contains about 85 per cent of the Norwegian continental shelf.

So far only a few blocks have been allocated in this northerly region, which is thought to hold the promise of important discoveries. But exploration should be given a boost by the new concessions, just announced.

Twelve blocks in the Traenebanken area, off Nordland County, have been offered to domestic and foreign oil companies. Applications are due by September 1. However, it is expected that initially only two, three or four blocks will be allocated in the first tranche of awards expected late this year or early in 1983.

**Norwegian Continental Shelf Fact Sheet, report of the Ministry of Petroleum and Energy, Norway.*

CRISIS IN MINING

Pretoria bid to defuse white dispute

BY BERNARD SIMON IN JOHANNESBURG

THE South Africao Government has intervened to prevent a strike among militant white miners on the eve of a strike ballot called by their trade union leaders.

A spokesman for the Chamber of Mines, which represents all six major mining houses, confirmed yesterday that the mining industry had received a message from Mr F. W. de Klerk, the Minister of Mineral and Energy Affairs, urging it to settle its wage dispute with the unions in the national interest.

Mr de Klerk is understood to have made a similar approach to the unions, which have demanded a 15 per cent wage increase, compared with the maximum of 9 per cent offered by the Chamber of Mines. The mines are the backbone of the South African economy, employing one in every seven workers and accounting for one-sixth of gross domestic product and 70 per cent of export earnings.

The gold mines, which are most affected by the dispute, contribute almost half the country's export revenues at a time when the current account of the balance of payments is running a record deficit.

An eod to the dispute with the 20,000 white minera, led by a right-wing bardliner, Mr Arrie Paulus, does not, however, mean an end to the mines' labour troubles. Indeed, the headlines over the past few days have been made not by the white miners but by their black colleagues in the gold mines.

The Kloof mine, west of Johannesburg, yesterday became the fifth of South Africa's 34 major gold mines to experience the wrath of black miners in less than a week.

Repeating the pattern at Driefontein Consolidated, Grootvlei, Buffelsfontein and Stilfontein, black workers went on the rampage at Kloof causing extensive damage to hostels and refusing to go underground for the normal shifts.

Well over 20,000 workers have been involved in the disturbances so far, and at least seven have been killed either by police bullets or by knife-wielding colleagues.

The disturbances among black workers stem from the same issue as the white unions' dispute at the mines—wages. But there the similarity ends.

Blacks received their annual pay increments last Thursday but, unlike the whites, there was no prior bargaining or consultation on the new levels.

Black mine-workers, almost all of them migrants from neighbouring states and South Africa's remote tribal "homelands," have no collective bargaining machioery. Black trade unions are virtually non-existent at the mines.

As a result, in the words of Steven Friedman, one of the country's foremost labour journalists, "the only negotiations are between Anglo American Corporation and Gold Fields"—that is between the employers.

This year Anglo American and Rand Minea (a subsidiary of the Barlow Rand industrial group), and the other four groups (including the conservative Gold Fields of South Africa) disagreed on the increment to be awarded to black workers.

The Chamber of Mines announced that the minimum starting salaries of black workers would go up by 11-12 per cent, bringiog the minimum for an underground novice to R129 a month (£66) and for a surface workera to R100.

Anglo American by cootrast has implemented an average increase of 16 per cent, bringing the starting wage for surface workers to R125 and for underground workers to R150.

Although the percentage rise was lower than last year, both Anglo and Rand minea gave their workers identical increases in money terms to those awarded in 1981.

In addition, as a senior executive of one of the two companies says, "although we did not consult, we made a concerted effort to communicate." Workers were told of their increases by individual letters, instead of the impersonal public notices pinned on hostel walls in the past.

No unrest has yet been reported at mines managed by Anglo American or Rand Mines.

A apokesman for Gencor's Grootvlei mines, where several incidents of rioting and arson were reported over the weekend, said that "details of the new wages have again been explained and workers were informed that those who are not satisfied with them were at liberty to seek employment elsewhere."

At Driefontein Consolidated, managed by Gold Fields, some 1,500 workers have chosen to leave. The company's public relations officer apologised yesterday for referring earlier to rioters at the mine as "savages."

The Government has put the onus for negotiating the rules for black advancement on the mining companies and the white unions.

Although the white miners' dispute on this year's pay increases may soon be settled and black tempers over the wage issue will probably subside, it is likely to be many years before a long-term solution to the mines' explosive labour problems ia found. This week'a disturbances are unlikely to be the last.

Tough negotiations on Namibia begin today

BY QUENTIN PEEL IN LONDON AND MICHAEL HOLMAN IN LUANDA

SENIOR WESTERN diplomats will today begin renewed efforts to achieve a peaceful settlement in Namibia (South West Africa), with high-level talks in New York with officials from the South West Africa People's Organisation (Swapo) while parallel talks continue in Washiogton with South African government officials.

The negotiations, also involving the so-called front-line states of southern Africa, including Angola, Zambia and Tanzania, represent the most concerted effort to achieve a settlement in the territory since an abortive all-party conference in Geneva in January 1981.

The talks will cover all outstanding issues in the Western effort to promote a United Nations-supervised ceasefire in the 14-year-old guerrilla war between Swapo and South Africa in Namibia, and a subsequent UN-supervised election leading to independence. The major unresolved problems concern the details of UN involvement, including the composition and numbers of UN civilian and military forcea to be posted.

From Luanda, the Angolan capital, prospects for a successful conclusion of the talks due to open in New York appeared bleak last night.

Judging by the critical comments of Mr Hidipo Hamntenya, a central committee member of the South West Africa People's Organisation (Swapo), the U.S. special envoy sent to Luanda has failed in his mission to reassure Swapo about the issue which has become a major stumbling block—Washington's apparent attempt to link the withdrawal of between 15,000 and 20,000 Cuban troops in Angola with a settlement in Namibla.

Although Swapo will send a delegation to the talks with Western officials (which may be put back a day), they will open in an atmosphere of considerable distrust.

On Sunday evening Mr Hamutenya held an hour-long meeting with Mr Robert Cabelly, a state department official sent urgently to Luanda by Mr Chester Crocker, the U.S. Assistant Secretary of State for Africa and leading figure in Western efforts to negotiate a Namibia settlement based on United Nation's resolution 435.

In an interview yesterday, Mr Hamutenya said that Swapo waa "still as unclear after Mr Cabelly's visit as we were before" abont the contentious two-paragraph section of a Western contact group document implicitly linking Cuban withdrawal with a Namibia settlement.

When Mr Cabelly was asked whether thia was a correct interpretation of the paragraphs, "he didn't say yes, and he didn't say no. It makes the talks useless and likely to be of no consequence," according to Mr Hamutenya.

Mr Cabelly himself was not available for questions.

By one yardstick — the status of the New York talks — the settlement efforts are running into difficulties. They seem to have been steadily downgraded.

On the other hand, Mr Hamutenya himself will be in New York, and his tough statements in Luanda may well be an opening negotiating stance which reminds observers of the seemingly unbridgeable divide between the parties at the opening of the Lancaster House talks on Rhodesia (now Zimbabwe).

Charles Richards analyses Cairo's stance in the wake of Israel's invasion of Lebanon

Egypt treads a tightrope in search of peace

BEFORE DAWN just over nine years ago in the Islamic calender, Egyptian assault troops stormed across the Suez Canal to blow up the Bar Lev line and with it the myth of Israeli invincibility.

In the Egyptian perception the Tenth of Ramadan—October 6 in 1973—was a military victory. It gave Egypt the position of strength to negotiate the Camp David accords that led in 1979 to the signing of the first peace treaty between Israel and an Arab country.

And yet, when Israel launched its latest incursion into Lebanon, President Hosni Mubarak did not hesitate in condemning his partner in peace for "a flagrant violation of international law." The strongest condemnation of Israel by Egypt since President Anwar Sadat travelled to Jerusalem in 1977.

The force of Mr Mubarak's reaction has increased existing Israeli wariness of Egyptian intentions. The new president is less closely identified personally with negotiations with Israel than was his predecessor. He refused to bow to Israel's insistence that he visit Jerusalem on any trip to Israel. More important, the return of the final part of Egyptian territory in Sinai on April 25 has removed Israel's principle lever against Egypt.

But Egypt's commitment to peace should not be underestimated. Egypt has lost 100,000 dead in four wars over 30 years. Whereas not all Egyptians go out of their way to establish links with Israelis few are prepared to return to a state of hostilities.

The small left-of-centre opposition parties—never happy with Camp David—issued first the predictable call for the suspension of all relations with Israel, and later a demand for a breaking of relations and to boycott all Israeli and U.S. goods. The huge support they claim to mobilise is not always visible. Only a few hundred out of a metropolitan population of 11m turned out to demonstrate against the Israeli aggression after prayers last Friday.

The Government has not heeded these calls for sanctions against Israel. Mr Saad Mortada continues to discharge his ambassadorial duties for Egypt in Tel Aviv, and the Star of David flies over the Israeli embassy in Cairo—not at half-mast since Israel is not observing the official period of mourning for King Khaled of Saudi Arabia.

But, if the peace treaty stands, the process by which Egypt and Israel were to try and extend peace to the entire region has experienced a serious setback. Dr Boutros Ghali Egypt's Minister of State for Foreign Affairs denounced the Israeli aggression as a "violation of the Camp David accords." Officials point out that Israel has demonstrated it does not wish to live in peace with its neighbours, and sabotaged any chance that the more moderate Arab states or the Palestinians might have judged that the way to peace in the region was through dialogue and negotiations rather than by force.

Few now seriously entertain much hope for the resumption of tripartite negotiations with the United States on Palestinian autonomy, already suspended because of Israel's sudden demand that the next round be held in Jerusalem. Dr Ghali declared they will not resume so long as Israeli forces remain in Lebanon.

The U.S. has been harshly criticised, especially when it vetoed a United Nations Security Council resolution calling for a withdrawal of Israeli forces from around Beirut.

Mr Mubarak told some of his party faithful that although Egypt's views might differ with the U.S., relations would not be affected. Reason and logic must prevail; Egypt needs U.S. political support to pressure Israel and economic support to prop up its economy to the tune of over $2bn (£1.16bn) a year in military and non-military assistance.

Fear of instability prompted Egypt to launch an intensive diplomatic offensive through contacts at the U.S., the non-aligned movement, the EEC, the Afro-Asian bloc, the U.S. and the Palestine Liberation Organisation (PLO). For the first time a senior PLO representative, Dr Ahmad Sidki-el Dajani, a member of the PLO executive committee, has been identified as meeting Egyptian officials.

Officials talk of Egypt's pragmatic approach towards the Palestinians. Clearly the Palestinians themselves think it is worth talking to the Egyptians, although to do so publicly is tantamount to treason in the eyes of some. Mr Mubarak has offered Cairo as a base for a non-military government in exile. This is considerably more than other Arab countries have offered

The failure of Egypt to exert any pressure on either the United States or Israel will make those Arab countries that might once have toyed with the idea of reconciliation with Egypt reconsider such moves,

At home, Mr Mubarak can be assured that for most Egyptians the Palestinians are a parasitic menace. But if they are humiliated, there will be in Egypt and elsewhere those who will point the finger at their government

Although apparently broken, tha Islamic militaries' real strength liea in their ability to remain hidden. The opposite trend, most dangerous in the army, are the Nasserites who might resent the abnegation of Egypt's military role through the peace treaty.

Already there has been increased political activity in those institutions so long dormant under Mr Sadat—the labour unions, the doctors' syndicate, the Bar Association — which have all gone further than the government in their reaction to Israel's invasion. There is a danger that Mr Mubarak, who has yet to take any decisive action on the domestic front, will also be seen to have failed to do anything in the field of foreign affairs.

PRESIDENT Hosni Mubarak of Egypt, has accepted an invation to attend the September summit of non-aligned heads of state in Baghdad.

The invitation was extended by President Saddam Hussein of Iraq and delivered in Cairo by Mr Mundhir Al-Shawi, the Iraqi Minister of Justice.

Ironically President Saddam Hussein hosted the Baghdad summit of Arab leaders in November 1978 which called a boycott of Egypt if it signed its peace treaty with Israel—which it duly did in March 1979.

The invitation is another sign of growing Arab awareness that Egypt has a role to play in the region. For some time now Iraq has been calling for Egypt to use its influence as one of the four founding members of the non-aligned movement to lend support to the conference. Iraq fears the conference may be threatened by the outcome of its disastrous war with Iran.

At the last non-aligned summit in Havana, three years ago, Egypt fought off a challenge from the Arab bloc to suspend its membership. It has been suspended from the Arab league for its peace treaty with Israel and its close ties with the U.S.

Although Iraq has had no diplomatic relations with Egypt for the last year, it has been buying ammunition and, more recently, T-54 tanks from Egypt to help in its war with Iran. Civilian flights between Cairo and Baghdad resumed shortly after Egypt recovered its territory in Sinai from Israel on April 25.

Egypt will be hoping that its President's presence in an Arab capital with other Arab heads of state, may further efforts to achieve some form of reconciliation between Egypt and the Arab world.

Chafik Wazzan . . . refused to show letter to U.S. negotiators

A 10-line letter is the key to withdrawal

By James Buchan in Beirut

SOMEWHERE near the Lebanese Prime Minister, perhaps in a safe in his office or upon his solid person, there is a short document which begins my comrade Chafik Al Wazzan and ends with the signature of Mr Yassir Arafat, chairman of the Palestine Liberation Organisation.

Government officials who hve seen the 10-line letter say that it does not say much. None the less, it is the moat important piece of paper in this dream city.

The letter says that the leaders of the Palestine Liberation Organisation would like to leave Beirut under certain conditions, but would like certain guarantees for the Palestinians who remain in Lebanon and would like a multi-national force to supervise disengagement.

This might seem little enough, and Mr Wazzan has refused to show the letter to U.S. negotiators until the Israelis lift their blockade on the two major crossing points out of west Beirut, leaving the western sector with only a few days' supply of food and bottled water and no mains power.

The document is important, above all, because the Israelis cannot now seriously argue that the PLO has no intention of leaving the stricken city and, to a lesser extent, because it gives the Lebanese Government and its head some tiny authority.

Palestinian spokesmen are difficult to track down, flitting about the half-depressed city, never sleeping in the same place; but at the top of six flights of stairs, Mr Bassam Abu Sharif, of the Popular Front for the Liberation of Palestine said: "We do not consider Beirut as our last castle or this important battle as our last. But we are ready to discuss reorganisation and detailed amendments to the Cairo agreement." This established the PLO presence in Lebannon in 1969.

In Borj Al Brajneh, a Palestinian camp set up in 1948, a Fatah military officer spoke on Sunday over the occasional thump of shells landing a mile to the south. "If they come to our positions, we will fight them. If they stay in theirs, we will wait on political developments.

Even Mr Saeb Salam, a former Lebanese Prime Minister "trying to help," sat in his book-lined study in Moussaitbe and says: "The Palestinian leaders want to leave. There are details still to solve. They are easy but they will take time."

Israel is still insisting on unconditional withdrawal and to show its impatience has launched a double offensive. Since Saturday, Israeli forces have been moving forward in the extreme south of the town

At the sama time, they have cut off vital supplies and electricity which will hit the civilian population hard and, as supplies run out.

As Mr Wazzan's action shows, the negotiations cannot proceed during this particular phase of Israeli pressure.

Profit boost for oil companies in Nigeria

By Quentin Peel, Africa Editor.

OIL COMPANIES operating in Nigeria are to be allowed to double their profit share on each barrel of oil they produce for themselves in an important concession by the Nigerian government.

The move, following more than two years' negotiations, means that allowed profits per barrel will be $1.60, instead of $0.80, while the oil companies' income will be further boosted by an increase in the technical costs they are allowed to deduct, from $1.10 to $1.60 per barrel.

Although the move only affects the equity crude produced by the oil majors—that proportion of their production they retain, according to their shareholding in joint operations with the Nigerian National Petroleum Corporation (NNPC) — rather than total production, the Nigerian government has been cautious about agreeing to an increase, for fear that it would be seen as a surreptitious price cut.

Nigerian production recovered to just over 1.6m barrels a day in June, according to oil company officials, compared with a low point of under 700,000 b/d in late March.

The latest move by the Nigerian government falls short of the profit levels called for by several oil companies, but nevertheless, officials said yesterday they were "quite a bit more cheerful."

The fixed profit and cost figures had been unchanged since 1977, and industry officials said the new levels "put them back not quite to where they were at the time of the last agreement. Costs have risen even faster than that."

Narrow margins had been blamed by oil companies for a general cut in oil company investment in Nigeria, particularly in high-cost offshore fields. However, officials said yesterday that continuing uncertainty over the long-term future of the oil market meant that the higher profit margins would be unlikely to result in any early increase in exploration and investment.

"It is not quite what we were asking for, but it gives everybody a little bit more confidence," one senior official said. "It demonstrates that the government does see a place for the private sector in the oil industry."

Oil companies expect Nigerian production in July to fall back from the June figure — which was inflated by late purchases at the end of the contract quarter — to around the Opec stipulated ceiling of 1.3m b/d. They are surprised at reports that Gulf producers are pressing for a price rise from Nigeria and other African producers, to restore their differential of about $3 a barrel over the $34 a barrel Saudi reference price, instead of the current $1.50 a barrel.

The largest oil producers in Nigeria are Shell, Gulf, Mobil, Agip, Elf and Texaco. All own 40 per cent of their joint operations with the NNPC except Shell, which is by far the largest producer, but only has a 20 per cent equity share.

Company officials say that the most important reason for the recovery of Nigerian production has been the return of independent buyers to the market, rather than any increase in purchases by the majors.

Richard Johns adds: Indonesia is in favour of raising the 17.5m barrels a day ceiling on collective output of the Organisation of Petroleum Exporting Countries.

This was indicated by Dr Subroto, Minister of Energy, who said in Jakarta yesterday that his Government would seek an increase in its 1.3m b/d allocation. Ha waa speaking prior to departure for the meeting on Wednesday of Opec's "monitoring committee" of which he is a member.

Indonesia'a output in June is understood to have averaged 1.27m b/d including 400,000-450,000 b/d used for local consumption.

South Korea plans curbs on kerb loan market

SEOUL—South Korea plans to abolish laws permitting aecret bank deposits and to ban all anonymous deposits and financial transactions from July 1 next year, Finance Minister Kang Kyong-Shik said.

The plan, intended to prevent funds for the unofficial kerb loan market benefiting from the official financial system, will be presented for parliamentary approval later this year, Kang said.

Private moneylenders, who normally charge 30 to 40 per cent interest against the current official lending rate of 10 per cent, have used the banks to harbour their money anonymously or under false names, according to government officials.

They estimated the size of the kerb market at over 1,000bn won (£75.7m) at present, about 10 per cent of the total domestic bank loans and about one-quarter of money supply M-1.

A private survey recently showed that about 26 per cent of South Korean Industry was using the unofficial market due to the inability of the official system to provide sufficient funds.

Deputy Prime Minister and Economic Planning Minister Kim Joon-Sung has called the kerb market "a necessary evil"

A multi-million dollar loan scandal, uncovered last May, caused upheavals in financial and political circles, and led to three Cabinet reshuffles and the replacement of the Prima Miniater.

Under the projected policy, people who have deposited up to 30m won will be exempt from taxation if they show their real names on bank accounts by June 30 next year. In the case of legal minors, the ceiling will be set at 7m won.

Those who fail to do so or who exceed the limit will be subject to a 5 per cent penalty tax unless the money is invested to increase the capital of their businesses or used for other authorised purposes.

Otherwise, the Government will investigate all sources of unknown funds and levy heavy taxes on them, he said.

Kang also said the Government plans to reduce the individual income tax from a maximum 76.5 per cent to about 50 per cent.

Reuter

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AMERICAN NEWS

After the presidential election, **William Chislett** reviews the rise of the country's new leader

Mexico chooses moral crusader to fight corruption

MEXICANS joke that the first item on the agenda of Sr Miguel de la Madrid, their president-elect, is the establishment of a Ministry of Moral Renovation to combat the very high level of corruption which is endemic to public life.

Sr de la Madrid, who takes office on December 1—the day before his 48th birthday—but who will start to rule behind the scenes from now, made the "Moral Renovation" of Mexican society the dominant theme of his campaign.

The joke illustrates three sides of the character of the former Planning and Budgeting Minister. First, his technocratic background which leads him to see the solution of problems in creating a ministry to handle them. Second, his strong moral convictions and, third, his zeal in wanting te get to grips with the problem of corruption.

The joke also underlines the deep cynicism of Mexicans who have heard the sama promise made countless times in the past. Sr Jose Lopez Portillo, the eutgoing president who designated Sr de la Madrid, called corruptiun a "cancer which threatens to devour us," but he did little to prevent it ravaging the bedy politic.

Mexican presidents cannot stand for re-electiee after their six-year term, altheugh the broadly based Institutional Revolutionary Party (PRI) has been in power for 53 years.

Sr de la Madrid has deneunced corruption so vigorously it has already worried the bureaucracy and many people believe he is a lot mere determined than his predecessers. If there is ene issue which strikes a chord of protest among Mexicans it is corruption. As foreign businessmen also know, bureaucratic hurdles are cleared with amazing speed if palms are greased.

Sr de la Madrid, bowever, is walking into a minefield of interests which are intimately tied up with the long-established pelitical system. He is convinced, though, that the very survival of that aystem, which is being tested by political referm and the stagnant economy, depends upon firm action against corruption.

Mexico's president-elect is a tough individual who, unlike many Mexican politicians, seems te have a scrupulously clean record of public service. He is proud ef his claim that he has no business interests and be believes such interests are incompatible with public service, although there is no law yet in Mexico regulating the conflict of interests.

Sr de la Madrid's toughness and disciplined life stems from a bard childhood. His father, a lawyer, was murdered when he was twe. After his father's death the family moved from the provinces te Mexico City where he was taken under the wings of two uncles, Sr Javier Fernandez Hurtado, a civil engineer, and Sr Ernesto Fernando Hurtado, who rose through the Bank of Mexico to become Central Bank governor in the 1970-76 Echeverria administration.

Sr de la Madrid studied law at Unam, the main public university in Mexico, and married at the age of 23. His wife Paloma is deeply religious—she has close ties to the Opus Dei, the conservative Catholic organisation. They have five children.

After a spell at the Bank of Mexico he won a Central Bank scholarship to take a post-graduate course in public administration at Harvard. He spent 18 months abroad without his wife because his family did not bave the money to supplement the scholarship. His uncle Javier, a surrogate father, also persuaded Sr de la Madrid that he would be able te study harder alone. Sr de la Madrid has a tremendous capacity for work, putting in 16-hour days.

When he returned to Mexico be worked in the Finance Ministry's credit department and then moved over to the financial department of Pemex, the state eil monopoly. In both jobs he had close contact with foreign bankers.

He became Deputy Minister in the Finance Ministry at the end of the Echeverria Administration and continued in this post under Sr Lopez Portillo. Later, Sr de la Madrid was appointed Planning Minister and he drew up the country's first plan for the use of oil revenue as the pivet for industrial and agricultural development.

Sr de la Madrid's own circumstances have made him careful with his money. His wife manages the family's finances and his ene luxury, apart from a weekend house, is books. When Planning and Budgeting Minister be once told a visitor that the trouble with his Ministry was that there was "too much planning and net enough budgeting."

As President, invested with the powers of a benevolent dictater, he will be able to push his policies hard. From the outlines of his policies, which will net be fleshed out until he takes office, it is clear that Sr de la Madrid will control public expenditure much more tightly and place more emphasis on controlling inflation than en going all out for high growth to satisfy the intense social pressures.

Sr de la Madrid is keen to fade out Government subsidies and to open up the highly protected economy—he was one of a minority of ministers who, at a special Cabinet session in 1980, voted in favour of joining the General Agreement on Tariffs and Trade (Gatt).

His political views are comparable with those of a European social democrat. In matters of foreign policy, which he will control, he will continue to distance Mexico from its neighbour, the U.S., but he may tone down support for the revolutienary struggles in Central America.

De la Madrid claims 'crushing' victory

THE OFFICIAL candidate Miguel de la Madrid claimed victory in Sunday's presidential elections early yesterday after electoral officials announced that he had a "clear margin" ever his six opponents, writes Ronald Buchanan in Mexico City.

Without a single figure to back his claim, de la Madrid told thousands of cheering supporters outside the headquarters of the ruling Partide Revolutionario Institucional (PRI): "We have won a crushing victery. It's a victory for the Mexican revolution, a victory for the PRI."

Several hours after the pronouncement neither electoral officials nor the PRI had issued any details of the vote, but the PRI did claim that there had been a 70 per cent turnout — substantially up from just under 50 per cent at mid-term elections three years ago.

Unofficially PRI members said their candidate had polled 75 per cent of the votes cast. This would mark a decline in the PRI's share, but not a significant one in elections in which it faced a record opposition challenge.

The high-handed—if perfectly realistic—manner in which the PRI claimed victory for its candidate contrasted with an unprecedented measure of respect shown for the opposition at the polls themselves.

There were several allegations of irregularities, some serious. But the opposition's relatively muted protests tended te back the claim that these may have been Mexico's fairest elections to date.

The epposition, of course, had no real hope—if only because their campaign resources represented only a tiny fraction of the PRIs.

The elections were also marred by "administrative shortcomings" which raised some suspicion. Several polling stations lacked sufficient ballot papers, the voters register was incomplete, and the opposition parties were not given copies of it. As a result the opposition's vigilance at the polls was badly undermined.

For the PRI, the most positive factor te emerge was the turn-out, for there had been fears that massive abstentions could undermine the validity both of the Government and of the political system.

Preliminary computer predictions showed that, as expected, the PRI was being followed home by the right-wing Partido Accion Nacional in second place and the left-wing Partide Socialista Unificado de Mexico.

De la Madrid . . . moral renovation

Air traffic controllers pay high price for taking on Reagan

BY ANATOLE KALETSKY IN WASHINGTON

THE CLEAREST personal victory of Ronald Reagan's presidency was sealed last week when the Professional Air Traffic Controllers Organisatien (PATCO) applied to the U.S. bankruptcy court for final liquidation.

From the day that Patco's etrike for higher pay and better working conditions began in July last year, President Reagan decided to make the dispute a contest of wills between himself and the 11,500 air traffic controllers.

Nearly half a year later it is obvious that both Patco and its members have paid a high prico for being the first, and so far the only, industrial group to take the President on.

The comparative peace on the U.S. labour scene since last July may be due at least in part to the lessons that other unions have drawn from Patco's demise.

By making an example of the comparatively highly paid controllers, President Reagan planned to inaugurate a new, tougher atmosphere in U.S. industrial relations and pay bargaining.

Above all he was determined to prove that his Government would not be bullied into suspending tha rule of law in labour relatiens by even the most determined industrial group.

Only six months after coming to office and threa months after surviving an assassination attempt, President Reagan was also intent on proving that his Administration would not submit to strong-arm tactics, whether at home or abroad.

Patco was an ideal adversary for President Reagan to choose. Its members were unusually highly paid by the standards of trada unionists. They had rejected a pay offer of 11.4 per cent, which was a good deal more than many other workers were heping to receive even last July, befere the current recession set in.

Above all, from President Reagan's point of view, their industrial action was clearly illegal. Almost all Federal Government workers sign contracts with no-strike clauses and these clauses are strictly enferceable under U.S. law.

Patco, which had lost previeus disputes with the Government, had hoped to repeat the success of a strike in 1970 by 270,000 postal workers in which the postmen had won the right to negotiate their wages collectively.

President Reagan was determined to show that the strike, which had alse technically beee illegal, had been an aberation.

He sacked all 11,500 members of Patco who went on strike, replaced them with military air traffic controllers and supervisors and even banned them from taking any other kind of federal government employment.

Te almost everyone's astonishment it turned out that even a group of workers as highly skilled and specialised as eir traffic controllers was not indispensable.

The sharp fall in demand for air travel which came with the recession made it easier to juggle with air traffic schedulea and allow the 5,000 controllers who refused te strike to cope with the assistance of 3,000

But the success of this strategy depended heovily on another factor which other trade unions tor which other trade unions in the U.S. regard as the key to President Reagan's easy victory.

Patco had not consulted other unions befere the strike and had done little to line up support in thetrade union movement over the year.

Indeed, before the 1980 presidential election, Patco had gone against the wishes of other unions and of the AFL-CIO union confederatien and backed Ronald Reagan instead of Jimmy Carter fer the presidency.

The result for the controllers has been costly. Many of them hava not only lost their jobs but also their pensien rights, built up over many years of federal empleyment.

Last March President Reagan relented and said that former Patco members would be considered for other federal empleyment.

For the union things are even grimmer. The main reason for its liquidation, apart from the fact that courts have banned it from seeking to represent air traffic controllers in the future, is that it owes airlines $33m (£19m) in damages, awarded fer breaking injunctions against striking last July.

Its total assets come te about $4m. This is mainly in the form of a trust fund te assist former members who are unemployed.

OECD sees little hope of significant drop in U.S. unemployment

BY DAVID MARSH

MODEST economic recovery in the U.S. over the next 18 months is unlikely to stimulate much reductien ef unemployment, which is expected to remain around record post-war levels, according te the latest forecasts from the Organisation for Economic Co-operation and Development.

In its first survey of the U.S. economy since the Reagan Administration took office, the OECD secretariat is significantly mere gloomy about prospects than the Government.

The unemployment rate is projected at 10 per cent at the end of 1982, against the official Washingten forecast ef 8.4 per cent. The jobless rate is expected by the OECD te fall only gently to 9.8 per cent by the end ef next year, against the Administration's forecas of 7.6 per cent.

There are, however, a number of influences likely to favour demand and eutput ever tha period to end-1983, the OECD says.

Fiscal policy is likely to impart a stimulatory influence ef about 0.75 per cent of GNP in the fiscal year 1983.

Oil prices are assumed te remain constant in nominal terms throughout 1983, in line with the inteetions of the recent Opec meeting. This is likely to reduce the rise in consumer prices by about 0.5 per cent during 1983.

Commodity prices are expected te remain weak, favouring the economy, although this will be partially offset by the continuing weakness of foreign markets. The effect of sluggish everseas ecenemic growth on U.S. exports is accentuated by the recent worsening of competitiveness.

Despite some recovery in trading partners' demand for imports, merchandise exports are expected to decline further this year

Overall, export volume is projected te fall 7 per cent this year and 0.6 per cent in 1983. Imports are likely te drop 2.3 per cent by volume this year, but to rise 3.7 per cent next year.

A combination of these influences will swing the U.S. current account from a surplus of $11.4bn this year (after $6.6bn in 1981) te a deficit of $5.4bn in 1983.

Commenting en the overall economic programme, the secretariat terms as "risky" the delicate linkage between the Administratien's three main pillars of policy.

These are monetary restraint to counter inflation; a shift in fiscal priorities to favour investment relative to consumption; and a reduction in the Government's claims on resources.

WORLD TRADE NEWS

Third World textile exporters to oppose EEC on 'curbs'

BY K. K. SHARMA IN NEW DELHI

TEXTILE-Experting countries in the Third World, including India, have decided jeietly to eppese what they think is the European Economic Community's attempt te deprive them ef concessions allowed by the Multifibre Arrangement (MFA) under which bilateral negotialiens on textile imports are being held.

The countries are to meet next month in Bangkok to evaluate progress in the negotiations they have beld se far with the EEC. The countries include Hong Kong, South Korea and Thailand.

The existing impression is that the EEC has been seeking quantitative curbs on textile imports from the Third World in what the experters consider a vielation of the MFA.

The initiative for the Bangkok meeting has been taken by India which recently sent a team fer talks ie Brussels and found the EEC seeking to impose reduced quotas on its experts and cuts in exports ef traditienal handicrafts.

The EEC negotiaters, according to Indian officials, are seeking to impose a "needle-and-thread" test fer determining whether a garment has been handmade or net. This test is alse being imposed by the U.S. in its own bilateral negotiatiens with the Third World textile manufacturers.

● The EEC has shelved talks with the Philippines on a new textile agreement, with both sides unable te agree on key issues, Reuter reports from Brussels. It said in a statement that negetiations will be resumed at a later date. EEC officials said the main stumbling block was an anti-surge clausa, which the EEC insisted on to prevent sudden sharp increases in clothing exports flooding European markets.

This could happen if the exporting country sends too much of its annual queta at once. But diplomats said many producing countries reject such a clause since it has the effect ef cutting back quotas.

● The textile trade agreement between Heng Keng and Switzerland has been renewed for anether year, AP-DJ reports from Hong Kong. The eld pact expired June 30.

India chooses suppliers for colour TV kits

BY OUR NEW DELHI CORRESPONDENT

SAMSUNG and Gold Star of South Kerea and ITT of West Germany have been selected by the Indian Government to supply coleur TV sets in knocked down kit ferm (CKD) for assembly in India as part of the scheme to introduce colour TV in the country befere the Asian Games are held in New Delhi in November.

The Electronic Trade and Technology Development Corporation will order the kits by July 15. The initial order will be for 50,000 TV sets, but it is expected this will be increased to 400,000 as soon as the anticipated demand for colour sets is at least this number.

At present, India has only black-and-white TV. The decision to launch colour has created controversy because of the expense invelvad and because of protests by Indian TV manufacturers against the scheme for imports. Their association thinks its members can make the coleur sets in India without the help of foreign companies.

The imports of 50,000 colour sets in knocked-down kit furm is estimated to cost about $20m (£11m) and the final import bill could cost nearly $100m.

At the moment, this is the only scheme under which colour TVs are to be imported. The Government has made it clear that no other import facility will be allowed te manufacture colour TVs or monitoring screens.

Imperted packs will consist of picture tubes, deflection components and integrated circuits.

Citibank leads £304m N. Sea financing

By Paul Cheeseright, World Trade Editor

THE FINANCING for about $530m (£304m) of British sales to a major Norwegian gas pipeline system in the North Sea has been put together by Citibank of London.

Citibank is the lead manager and agent fer 12 British-based banks and three Norwegian banks providing an export credit of $450m to Statpipe, which is 60 per cent owned by Statoil, the Norwegian state oil company.

The export credit is the largest ever backed by the Export Credits Guarantee Department for Norway. Officially supported export credits covered 85 per cent ef the value of equipment and service contracts.

Statpipe is a specially formed consortium set up to run a pipeline system from the Statfjerd field into a treatment plant in south west Norway and from there southwards to link up with the continental gas distribution system.

The whole scheme will cost about £2bn. The British contribution to the project is thus at this stage relatively small and emphasises the wide range of suppliers and contractors being drawn in to bring the project to fruition.

So far, British companies have wen mure than £100m of contracts, which will be embraced by the Citibank-arranged finance. The biggest contract was announced last year when Fluer Ocean Services, a subsidiary of Fluor in the U.S. was appointed as project services contractor in a £55m deal.

● The Douglas Group of construction cempanies has won majer contracts of £20m to associated companies in the Middle East. A major contract in Saudi Arabia has been awarded to Al-Esayi Saif Norman Douglas by the Arabian Cleansing Enterprises for the construction of a residential and management complex near Jeddah. The company's Riyadh branch has been awarded a contract by GRC (Saudi Arabia) for a factory on the Riyadh Industrial Estate.

David Buchan reports on Sofia's moves to forge better links outside Comecon

Bulgaria seeks more Western takeovers

BULGARIA is looking for more West European companies to acquire in erder to explelt their better technelegy and to upgrade Bulgarian marketing in the West, fellowing its takeover ef Roeperwerk, a financially struggling West German engineering company, earlier this year.

This is the latest indication of the aggressive approach by Bulgaria, the only East European communist country still with cash to spare from a sizeable hard currency trade surplus, towards expanding trade links with the West.

Two years ago, Bulgaria passed legislation allewing foreign companies to set up jeint ventures on its territory. The law is liberal by Comecon standards, but partly because of the currently unprepitious pelitical climate for East-West trade, the results so far have been thin.

Mr Yuri Botev, e general director of the Foreign Trade Ministry and Mr Tedor Djulgerov, the deputy minister for machine building, said that instead of just passively waiting for foreign companies to come to them with proposals, Bulgarian state trading companies were now actively searching ont potential partners abroad, mainly for joint ventures but in some cases for eutright acquisition.

Mr Djulgerov said the focus was chiefly on machine tools, engineering, metal pressing and domestic consumer appliance sectors, and that West Germany and Italy seemed particularly promising.

Bulgaria does not seem interested in the U.S. because, as Moscow's most loyal East European ally, its relatiens with the Reagan Administration are poer. In addition to its recent acquisition of Roeperwerk, the Rhineland engineering company, Bulgaria last year also bought part of an Austrian textile concern.

Bulgaria already has some 190 industrial co-operation agreements with Western companies. Mr Botev said this number might seem small compared with those signed by fellow-Comecon members like Poland and Hungary.

But in Bulgaria's case, it excluded pure licensing or countertrade deals, and ranged from machine building, and electronics to food processing, covering 7-8 per cent of Bulgaia's total trade with the West.

Bulgaria's 1980 joint venture law has not attracted a rush of Western companies to set up in Bulgaria, even though, unlike similar legislation in Eastern Europe, it set no upper limit on the extent ef fereign ownership of a jeint venture in Bulgaria er third countries. It also guarantees repatriatien of profits.

The snag is that Bulgaria insists that the board of any joint venture en its soil must be Bulgarians and that all decisiens must be taken unanimeusly. In other words, 51 per cent or mora of Western ownership does not convey control.

Mr Todor Zhivkov
Hopo of more joint ventures.

Some Western businessmen also complain the law lacks any internatienal guarantee and is just ena Bulgarian decree which could be reversed by another.

Three joint ventures have been established in Bulgaria since the law was passed, two with the Japanese companies of Mitsukoshi end Fanuc, and one with the Swiss concern, Tangra. Ten more joint venture proposals are under consideratien.

Mr Botev says this result is not meagre, when compared to the seven fereign partnerships established in Hungary under elder established legislation there.

But he admits that joint ventures have been more successful abroad. Fifty have been set up, based, Mr Botev claims, on a "genuine pooling" of technology between Buglaria and foreign companies, and on joint production and marketing of output.

He proudly points to Buglarian techniques for casting light alloys which is the basis for a joint venture in France making aluminium rims, for protective metal coating in electric furnaces being used in a joint venture in West Germany, and for magneto-abrasive machines being used in a joint venture in Japan.

For a country that enly a few decades ago was the poorest in the poor Balkan region, Bulgaria has made tremendous technical strides. But is still has greater problems in meeting world standards in many non-Comecon countries with longer industrial traditions—problems which the government of President Todor Zhivkov hopes to overcome with more joint ventures and Western acquisitions.

Roeperwerk's long experience in machine tools matches very well the needs ef Maschinoexport, the Bulgarian state company that has now taken it ever, according to Mr Botev.

Bulgarian metal cutting machines are in high demand, ba says, but their electrical parts in the past hava not been up to Western standards. So new Maschinoexport is sending its machines to the Rhineland company to have their electric motors and wiring added.

Some questiens about the political implications of east blec ownership were raised in the Bundestag immediately after Roeperwerk was taken over in February. But these were allayed by the fact that, but for the Bulgarian actien, the West German company might have gone under and also by the Bulgarian premise te transfer soma ef Maschinoexport's ewn productiee to the Rhineland.

With a $2.14bn hard currency trade surplus over the past three years, Bulgaria clearly has some spare cash, though much has been devoted to reducing its indebtedness te foreign banks.

But Bulgarian officials are also aware of the political advantage of confining any acquisitions to Western companies finding it hard to raise meney from regular capitalist sources.

Another example of Bulgaria's technological needs is in fork-lift trucks, of which it is the biggest producer inside Comecon. The small Cheshire-based company of Cableform in the UK supplies electrical regulators to Bulgaria for the 5 per cent of its lift trucks which Bulgaria exports to the West.

All this explains why Bulgaria is trying to negotiate its way into tha standards code of the Geneva-based General Agreement on Tariffs and Trade (Gatt).

More tankers sent for scrap

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TANKER OWNERS have sold more tonnage for scrap in the first half of this year than in the whole of 1981 as the market has remained depressed with no upturn in sight.

Figures from Intertanko (International Association of Independent Tanker Owners) showed that 140 tankers totalling nearly 14m deadweight tons bad been sold fer breaking up in the first six months.

The figure for the whole ef last year was around 13.5m dwt. The Oslo-based Intertanko said six more VLCCs (very large crude carriers) bad been sold last month, making 32 in all so far in 1982.

Of these, 19 had been sold to Taiwan, the leading country in the business ef ship scrapping. Bnt South Korea was taking mere interest in demolition, with Pakistan baving taken its first VLCC this year.

Alsthom to build Sumatra power plant

BY OUR WORLD TRADE STAFF

ALSTHOM-ATLANTIQUE is to build a FFr 750m (£62m) coal-fired thermal power statiun in Sumatra for Indonesia's National Electricity Agency.

The French group said that the station comprised two 65 Mw units. The contract calls for the work to be completed in 30 months.

● Sofregaz, part of the state-owned Gaz de France group, has signed a FFr 650m contract to build a natural gas and crude oil treatment plant for Sonatrach, the Algerian state oil company. The plant will be built in the gas fields ef Oued Noumer, near the city of Ghardaia.

Soviet Union offers ferry orders to Danish yards

BY HILARY BARNES IN COPENHAGEN

THE SOVIET UNION has offered to place orders for four ferries with the Aalborg and Helsingor shipyards if the yards can arrange for tha sale of Russian machinery and equipment worth between Kr 150m (£10m) and Kr 200m, Mr Esman Olesen, managing director of the Helsingor yard said.

This sum would cover the cash-down payment for the ships, which together are worth around Kr 900m. Mr Olesen said that as the equipment concerned covered a very wide range of products, he thought it would be possible to go ahead with the arrangemant.

The two ferries will be large vessels for use in the Caspian Sea.

Both the yards are owned by tha J. Lauritzen shipping group. Helsingor yard will run out of work next year and bas warned that balf the labour force of 1,700 will have te be dismissed at the beginning of next year if no new orders are forthcoming.

● CEREKEM, a subsidiary of Jyske Bryggerier, the Jutland Brewery group, has won an order from Nigeria to supply a turnkey brewery and te expand capacity et a second brewery originally supplied by the company. The value of the orders is about Kr 1bn (£67m), said Mr Erik Emborg, managing directer.

Whitehall awaits reshuffle at top

Max Wilkinson looks at the Civil Service shake-up

WHEN Sir William Ryrie leaves the Treasury at the end of the month to take charge of the Overseas Development Administration, his old job as Second Permanent Secretary in overall charge of the British economy will be abolished.

It may appear surprising that the Treasury has felt able to dispensa with such a senior post. Bnt the decision can be seen as part of a substantial shake-up in the top echelons of the Civil Service which will involve a number of important changes, probably quite soon.

Four main considerations lie hehind the changes now being considered by the Prime Minister and her senior advisers. The first is a general commitment to reduce the number of civil servants by around 100,000 by 1984. This inevitably leads to reorganisation of duties at all levels.

Then there is the open structura review of the top levels of management in the civil service, aimed to improve efficiency. Sir Douglas Wass, Permanent Secretary of the Treasury, who was still an Assistant Secretary in his late 30s, is anxious that this should lead to more devolution of responsibilities to more junior civil servants in order tn make their jobs more challenging.

The recent merger of tha Civil Service Department with the Treasury is also leading, after a period of discussion, to a close integration of functions at the more junior levels—the Principals and Assistant Secretaries.

Finally, there is the impending retirement of a number of Permanent Secretaries, including Sir Donglas Wass, who is dne tn leave the Treasury next spring.

The question of who will succeed Sir Douglas, into probably the most powerful job in the Civil Service, will colour most of the other moves. However, the fact that there will be a considerable number of vacancies at Permanent Secretary level in the next 12 months has complicated the betting.


Sir Douglas Wass (left) and Mr William Ryrie

The senior officials dne tn retire include: Sir Frank Cooper (Ministry of Defence), Sir Donald Maitland (Energy), Sir Peter Baldwin (Transport), Sir Kenneth Barnes (Employment) and Sir Peter Carey (Industry), who goes in July 1983.

Any of these jobs could, in theory, be filled by a senior Treasury man, it is also possible that Sir Douglas's successor could come from nutside the Treasury; although with so many people retiring, the field is clearly narrowed.

In tha Treasury itself these considerations hava been complicated by the major shake-up which has resulted from the integration of teh Civil Service Department (the CSD). Under the old organisation the spending department would have to conduct two separate sets of negotiations, ooe with the Treasury for their spending plans and another with the CSD to determine how many civil servants they could employ for

This appeared a wasteful process, particularly when the CSD came back into tha Treasury's empire last year. From the end of this month, therefore, it has been decided that manpower and expenditure negotiations should be closely interlinked.

Assistant Secretaries will therefore cover rather narrower sectors, but they will have Principals working under them covering both manning and expenditure. This integration at a junior level will require changes higher up.

The post of Permanent Secretary in charge of the CSD has been abolished, and Mr Peter le Cheminant has joined the ranks of six other deputy secretaries in the Treasury. He reports directly to ministers and to Sir Douglas, bypassing tha intermediate rank of Second Permanent Secretary.

Mr le Cheminant had already taken the responsibilities for public sector pay away from Sir William Ryrie's sector. The responsibility for private sector pay remained with him, but this has become less onerous under a Government which does not believe in income policies.

Sir William's area of responsibility had therefore contracted somewhat and this was accentuated when Mr Michael Quinlan was brought in from the Department of Defence to look after defence. He filled a job which had been vacant during a period when Sir William himself took on much of the load of a Deputy Secretary alongside his own more co-ordinating role.

The result of all this has been a definite pruning of the hierarchy, with three Deputy Secretaries reporting direct to the top unfettered by a layer of senior bureaucracy. The saving of top salaries from the integration of the CSD and other moves amounts to about £350,000 a year.

Soma observers, however, see a more direct political purpose, because it would open the way for Mr Peter Middleton the Deputy Secretary in charge of finance in Sir William's sector to jump straight into the job of Permanent Secretary, if the Prime Minister wished to promote him.

Mr Middleton has been in charge of monetary policy during a period in which Government policy has needed to be steered through many minefields. He is therefore well known at Number 10 Downing Street and generally regarded as being among the possible candidates.

The list almost certainly includes several distinguished "outsiders" from the Bank of England and other Departments as well as Sir Kenneth Couzena, Second Permanent Secretary in charge of overseas finance.

Although the Treasury would probably like one nf its own men tn get the top job, there are precedents for an outside appointment. In 1956 Sir Roger Makins (now Lord Sherfield) was brought in from the Foreign Office and then the British Embassy in Washington as Joint Permanent Secretary.

There are also precedents for jumping from Deputy Secretary straight to the rank of Permanent Secretary. One is Sir Robert Armstrong, the present Secretary of the Cabinet.

British executives low in pay league

BY JAMES McDONALD

AN EXECUTIVE in the UK receives less gross pay than his or her counterpart in 15 other industrial and commercial countries. Only an Irish executive earns less.

Althongh the purchasing power of the British executive's net remuneration has improved over the past year by 6 per cent against the other countries, it is fourth from the bottom in this league table.

These are some of the conclusions in the latest report by Employment Conditions Abroad (ECA) on inter-country executive remuneration comparisons.

The improvement in the purchasing power of the British executive's salary, says the report, is due to comparable salary increases in relation to the other countries surveyed "coupled with a lower rate of inflation and the weakness of the pound against the other curencies."

The over-riding factor influencing this year's figures, the report says, is the exchange rate used when converting foreign currency salaries into sterling for comparison purposes.

The survey covers UK executives at five typical levels of gross salary and compares these with the remuneration of executives holding equivalent posts in 16 other countries.

Compared with a British executive earning £21,100 gross, for example, his or her equivalent in Switzerland gets £47,300, in Belgium £40,600, in the U.S. £39,150, and in West Germany £37,500. Only in Ireland does an equivalent executive earn less — £19,050.

In terms of what an executive's net pay — after tax and social security contributions — can buy, Sweden stands bottom of the league, with a £22,700 gross salary becoming £8,950 net with a buying power worth only £8,050. The UK executive's £21,100 gross, translates into £14,250 net

The survey says that, in terms of purchasing power, Switzerland has regained its leading position—which it lost to Singapore in the ECA's 1981 survey—with West Germany and France in second and third places.

"Switezerland's good position, both in gross pay terms and relative purchasing power, can he put down to its relatively low level of inflation and comparatively higher salary increases," says the report.

ECA, established 11 years ago by a number of major international companies, is a professional organisation of employers and acts as a central confidential clearing house

Paper plant to be closed

LOW AND BONAR, the Dundee-based textiles, packaging and engineering company, is to close its papermaking department at the Bonar, Bibby and Baron subsidiary at Bury, Lancashire. There will be 65 jobs lost from a workforce of 500.

The closure, which follows eight months of short-time working, will take place in September. The operation has been hit by the substitution of polythene for traditional hrown wrapping paper.

Low and Bonar says it will continue to be a major converter of paper and polythena into hags and reels for use in retail stores and industry.

CONTRACTS

Marconi wins £20m radio order

MARCONI'S Scimitar frequency hopping series of radio has been adopted by Sweden as the basis of its new generation of military radios to be developed by SRA under contract to the Swedish Government. Production expected to follow this contract is expected to be worth more than £20m to Marconi. The Scimitar family of freqoency hopping radios has been developed by Marconi for practical, secure combat net communications in a wide range of nperational environments.

★

TURRIFF CONSTRUCTION has been awarded a contract by North British Housing Association for an aged persons homa and flats development at Clayton Brook. The contract valne is in excess of £1.8m and work is due to commenca early this month.

★

ADD BLDNG. CONTRACTS — A £1.94m contract, to build the first community hospital in Wessex at Blandford, Dorset, bas been won by ERNEST IRELAND CONSTRUCTION, Bournemouth, a Mowlem Group company. It was awarded by the Wessex Regional Health Authority which plans to build a series of community bospitals in its region. The building will bave a gross floor area of 42,500 sq ft, and construction will be of traditional cavity brickwork walls with clay tiled, pitched roofs. Work outside involves tha construction of the access road, vehicles parking area with landscaping, and outbuildings including a boilerhouse and mortuary. Work has been started and is due for completion by Christmas, 1983.

★

A contract valued at £1m for work at Sullom Voe oil terminal, has been won by PRESS CONSTRUCTION. From the managing contractor John Brown Engineers and Constructors, contract covers the erection of a new flare line from several existing mechanical installations in the terminal's gas-processing area to a new flare.

★

GEORGE WIMPEY has won contracts totalling nearly £4m.

Worth just over £500,000, 44 flats are to be built for the Waterloo Housing Association in Faircroft Road, Parkfields, Water Orton.

Remedial work on 96 dwellings in Acre Rigg, Peterlee, Co Durham, under a £654,000 contract placed by Easington District Council. Work will start in July for completion in July 1983.

A contract valued at over £1m has been placed by Brixton Investments (Hemel Hempstead) to build three factory units in Cleveland Road, Hemel Hempstead.

The Scottish Postal Board has awarded a contract valued at almost £500,000 for an open plan sorting area and office suita to be built in the Howden West area of Livingston New Town.

A contract valued at £643,000 has been placed by the Plymonth City Council for roads and sewers in Woolwell, Rohorough, Plymouth.

Housing refurbishment contracts totalling £713,000 for properties in Liverpool and Runcorn have been won. Warrington and Runcorn Development Corporation has placed a £325,000 contract for bomes in the Brow Estate and for this work will start shortly for completion in November. The City of Liverpool has placed a £388,000 contract for improvements, alterations and repairs to blocks of flats and maisonettes in Dinorbin Walk and Falkener Street. Work starts soon for completion in October 1982.

★

In the City of Perth the old Wallaces Store has been demolished prior to the building of a new department store on the site at the corner of High Street and King Edward Street, for House of Graser. The £3.3m contract has been arwarded to

★

GILBERT ASH, SCOTLAND, a Bovis company. Work has started and completion is scheduled for the spring of 1984. The store will be a four-storey building of soma 52,000 square feet and supported on a piles-supported "egg crate" type of basement slab with in situ concrete framing for three floors with the remaining mansard style superstructure in framed steelwork.

★

TAYLOR WOODROW CONSTRUCTION (NORTHERN), Darlington, bas secured two contracts, together worth more than £2m. The company is to build a pumping station in Goole for Boothferry Borough Council under a contract worth £1.9m. Also included in the project are mechanical and electrical plant, and associated drainage. Work bas started and due to be finished io June 1984. The other contract, valued at £300,000, bas been awarded by Manchester International Airport Authority and is for tha maintenance and repair of concrete aprons around twn piers at the airport.

★

VICKERS FLUID POWER, Swindon-based hydraulics division of Vickers, bas beeo awarded a contract worth over £400,000 by the Ministry of Defence for the design, supply, installation and commissioning of a hydraulic ring main for a component test system for the RAF. The contract includes provision of an electrical control system.

★

The Ford Motor Company has awarded contracts valued at £200,000 to VICKERS FLUID POWER for centralised hydraulic systems, to power machine tools and handling equipment. The systems will be installed in the Dagenham plant and will be suitable for working on high-water-based hydraulic fluid.

★

S. BRIGGS AND COMPANY, a member of the process engineering division of the Braby Leslie Group, has an order valned at £859,000 from the Kellogg Company of Great Britain for a process plant for installation in the Trafford Park factory. The plant consists of dry goods handling equipment, cereal and mash cookers fitted with steam jackets and internal agitation, blending plant, a number of storage vessels, all process pipework, and automatic in place cleaning for the whole plant. All vessels are to be mounted on load cells which will provide signals to a central programmable control station and it is intended that the process will run totally unmanned.

★

Belfast plane makers SHORT BROTHERS has won a £4.5m contract to supply two 36-seat aircraft to the U.S. operator Simmons Air of Michigan, which has placed options on two more.

★

MEL of Crawley has won an order worth around £3.5m for airborne radios from British Aerospace. The order is for AN/ARC-164 UHF radios and spares, to be supplied over tha next two years.

A feature of the radios is the "slice" construction, wherein each unit comprises identical, self-contaioed, interchangeable modules. Other features include 7,000 channels (20 of which are pre-set), a variety of lighting options for the display, and electro-magnetic integrity.

★

FOREST AND SAWMILL EQUIPMENTS (ENGINEERS) has been awarded a contract worth more than US$600,000 (£347,000) for a sawmill to include two Forester-150 baodmills with band resaws, conveyors, cross cuts, planing machines and saw doctoring machinary. The sawmill is to be set up in the Cross River State of Nigeria and is financed under a line of credit between Morgan Grenfell and Co and Nigerian Bank for Commerce and Industry.

★

PYE TELECOM'S French distributor SFTP has just won £150,000 worth of orders to supply mobile radio equipment to "Allo Taxi" in Paris.

"Allo Taxi" runs a radio communications system which is renled out to taxi owners. The company owns the radlos, base stations and one of the most sophisticated control rooms in Europe, from which all despatching is controlled.

The latest order is for 350 Pye M294s and brings the number of mobile radios ordered by "Allo Taxi" over the past 16 months to 1,000 units

★

RAPCO ELECTRONICS has received an order worth around £100,000 for time code equipmeot from the Wells division of Thorn EMI Electronics. The time code equipment, totalliog soma 38 specialised instruments, forms part of the mission support system for Nimrod MK 2 aircraft being built by Thorn EMI for the Ministry of Defence. Facilities for the geoeration, reading and regeneration of time code are provided, in addition to high-speed tape search under IEEE hus control.

BL to switch Ital production from Cowley to Longbridge

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

BL CARS is to switch production of the Ital model from Cowley, Oxford, to Longbridge, Birmingham this year.

The move could save up to 700 jobs at the Birmingham plant, but dashes hopes at Oxford of 1,400 extra jobs when output starts in the autumn of BL's new five-door hatchback, tha LM10.

BL also told union officials in Birmingham yesterday that it is "examining the possibility of introducing an additional model at Longbrdge."

The news must raise hopes that Longbridge will eventually manufacture the Ambassador or Acclaim models now assembled at Cowley.

Another possibility is that Longbridge could assemble the new executive car, code-named the XX, plannad to be built in association with Honda of Japan and due to be launched in 1985.

The company's aim is to achieve a balance in production between its two volume-car plants at Birmingham and Oxford. The feasibility of putting any additional model into Longbridge is likely to depend upon the success of the LM range of medium cars to be produced at Cowley.

The LM10 is to go into production in October, ready for launch in February. The volume of sales achieved will be crucial to utilisation of capacity at Cowley.

The LM11, a four-door car with a conventional boot, and the rival to the Ford Cortina io the fieet market, is to go into production in October, 1984, ready for launch early in 1985.

In preparation for production of the two key new models, the Ital will go to Longbridge this year.

The transfer will mean recommission of the CAB 2 assembly building mothballed in February when Allegro production was halted. The fact that Austin-Rover is investing to bring the assembly building back into use for the Ital suggests a commitment to longer-term use.

The Ital car is likely to be phased out in 1984 with the introduction of the LM11, but van and pick-up derivatives could last longer.

The Ital range is currently produced in about 800 uniis a week, but CAB 2 has capacity for 2,000 units. There would be scope to transfer the Ambassador, now running at 1,200 a week, or the Acclaim, produced at 800 a week.

BL is clearly keeping open its options on where to produce the XX model, which is likely to be assembled at the rate of 1,000 units a week. Talks are well advanced with Honda and heads of agreement are expected to be drawn up towards the end of the year.

Transfer of the Ital to Longbridge will help the plant, where 750 workers are on short time pending manufacture of the eogine for the LM10 in the autumn.

Austin-Rover had announced that 1,500 jobs must go this year, but the introduction of the Ital could mean a reprieve for up to 700 workers.

Nissan says car plant plan not scrapped

NISSAN of Japan insisted yesterday that it still had oot made a decision ahout aetting up a car plant in Britain and dismissed as "pure speculatioo" reports that it had abandoned the project.

There was a vast contrast of opinions in Japan and the UK yesterday aboot the scheme.

The Japanese industry seems convinced that Nissao will not be able to obtain a conseosus among board members, aod that the project will therefore be shelved.

Lord Marsh, former Labour Transport Minister who is Nissan's adviser lo London, suggested that Nissan's plans for a 200,000-cars-a-year Datsun plant were "still on." He believed that Nissan would commit itself to investing in Britain "in some form or another."

Datsun UK, which imports Nissan vehicles, said that Mr Masataka Okuma, a senior vice-president of Nissan, would arrive in Britain later this mooth for further talks with the Government. "A decision cannot be made until after these talks.

"We think the fact that Nissan is coming for further discussions is encouraging. If a decision had already been made it could have been conveyed another way."

Tha Departmeot of Industry said: "We understand the project is still under consideration. It would be inappropriate for us to speculate on what Nissan'a decision will be."

In the Commons Mr Geoffrey Robinson (Lab., Coveotry North-West) unsuccessfully sought an emergency debate

He insisted that the Government needed to act quickly to provide alternative capacity in the event of the project, which was expected to create 5,000 jobs, not going ahead.

Previous talks betweeo Nissan and Department of Industry officials in February were deadlocked over questions as to how many British and European compooents would be used if the Japanese group went ahead, and on the level of Government grants which could be expected.

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GM reorganises parts marketing in Britain

BY JOHN GRIFFITHS

GENERAL MOTORS has set an organisation to operate marketing and distribution of its £200m-a-year replacement motor parts business in the UK.

The new eotity, General Motors Service Parts, has brought together the warehousing and distribution of AC Delco and General Motors Parts Europe, which previously operated independently.

AC Delco was responsible for sales througb wholesale distributors into the retail aftermarket.

GM Parts Europe was responsible for parts supplies to the francbised car-dealer neworks of Vauxhall and its sister West German company Opel, as well as to the Bedford truck-dealer network.

The latest reorganisation is part of a broad strategy to more closely integrata car, truck and service operations in the UK. It follows merging of the Vauxhall and Opel dealer networks, formalised at the beginning of this year.

Until the latest change, whicb became effective on July 1, GM Parts Europa was controlled by Vauxhall at Dunstable, while AC Delco was operated by General Motors Ltd, a separate umbrella company responsible directly to GM in the U.S.

General Motors Ltd until two years ago was also responsible for component and parts manufacturing plants operated by GM in Britain, which include Delco Products; AC Spark Plug; Saginaw Steering Gear; and Detroit Diesel Allison. These now report directly to Detroit.

These plants will continne to handle directly the manufaeture and supply of components to a variety of vehicle-makers as original equipment.

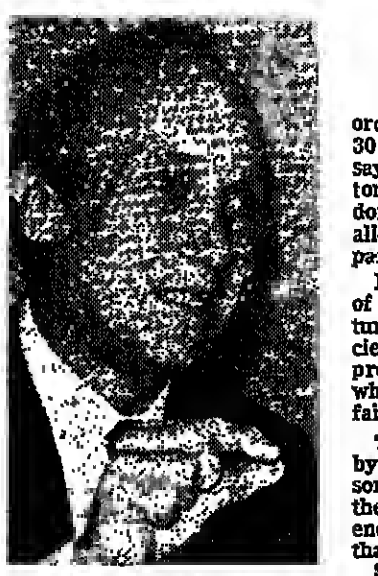
In charge of the new operation is Mr William Werner, chairman and managing director of General Motors Ltd for the past two-and-a-half years.

GM Parts Europe bas an 84-acre warehouse and distribution centre at Toddington, near Luton, which handles 600 tons of parts a day. AC Delco has a smaller similar facility at Milton Keynes.

Why life at Shell is like a game of cricket

Ray Dafter talks to Sir Peter Baxendell, chairman of the Royal Dutch/Shell Group

"THE Shell Group is a little like the game of cricket. To the outsider it must all seem pretty bewildering. But once you are part of it the rules become clear; it is a great and fascinatiog activity."



Sir Peter Baxendell

The description was provided yesterday by Sir Peter Baxendell, the new head of the Royal Dutch/Shell Group, the world's second biggest energy corporation with a turnover—£41.6bn last year—roughly in line with the gross national product of Austria.

Sir Peter's position is also unique within the industry, for his new appointment is that of chairman of thegroup's committee ofmanaging directors, a position peculiar to the Anglo-Dutch corporation. "We bave been described as the only company with a polithuro," commented Sir Peter with a wry smile.

He bas risen to the top position having served a classic Shell apprenticeship. Joining Shell in 1946 from the Royal School of Mines, London, he served in Venezuela and Nigeria before becoming head of the South East Asia and supplies division.

He became chairman of Shell UK in 1974, shortly after being appointed a managing director of the Royal Dutch/Shell Group. Since then bc has gradually moved around the committee tahle, moving closer to the top spot.

The committee of managing directors is, in essence, the group's overseeing board which sanctious and co-ordinates major investmeot and policy decisions.

Sir Peter, aged 57, is chairman of Shell Transport and Trading, the UK arm of the corporation, but when he sits at tha head of eight group managing directors he does so, he says, as primus inter pares.

It is a collegiate management system. At the weekly meetings of managing directors, normally beld either in London or The Hague, Holland, no votes are taken. "It is usually possible to thrash things through uotil everybody is happy." said Sir Peter, a petroleum engineer.

Below the committee is a complex structure of regional and functional operations. The groop has five regional co-ordinators and no fewer than 30 heads of functions. Sir Peter says that the regional co-ordinators are tbe group's ambassadors working on behalf of the all-important operating companies.

He says he bas no intention of changing the gronp's structure, because it works efficiently. "We bave gone for a pretty rigid deceotralisation which has enabled us to become fairly fast moving."

This management style is seen by Sir Peter as one of the reasons why Shell is withstanding the economic problems in the energy sector more effectively than some of its competitors.

Shell was one of the first big oil groups to allow its operating companies to take its own decisions on supplies, production and marketing. It was also quick to see the need for modified refineries to handle a changed demand for oil prodncts and among the first groups to go into the international gas business.

"There are still tremendous opportunities in this business," he said, pointing out that "this business" included the energy sector and the allied metals industry. Shell had no intention of being lured into other major business sectors, he added.

On the other hand, there was a need to trim some of the less successful activities, such as chemicals and traditional oil refining, which had been hit by changed economic conditions.

Here Sir Peter recognises that Shell's sheer size is a problem. Chemicals may form a minor part of Shell's operations but the group was still the 13th biggest chemical company in the world. "Whatever decisions are taken, you are talking abont pretty gigantic changes in total assets."

But Shell could not avoid being deeply involved in "megaprojects." Each major investment, like a liquefied naturaly gas project, involved billions of pounds. Last year the Royal Dutch/Shell Gronp invested £3.9bn.

Invariably such projects involved the expenditure of large sums of money before any pay-back was seen. This gave rise to two major problems which Shell and others in the industry bad still not successfully overcome:

● A failure of the public to appreciate the need for adequate cash flow—perceived as profit—to fund hig projects.

● The growing tendency of governments—including those in UK and Canada—to take oil and gas revenues rather than pro6ts.

Bnt there was little chance that Shell would pull out of an area of major operation, such as the North Sea. "In many ways we are a prisoner of our investment," said Sir Peter.

Northern enterprise rare, says Californian

"IF THERE are any good entrepreneurs in the North of England I sure as hell haven't seen them."

Like many Americans Mr Jack Melchor, the Californian venture capitalist brought in more than 18 months ago to manage the National Enterprise Board's new Anglo-American Venture Fund, is known as a straight talker.

But this recent indictment of the high technology development scheme designed for the English Assisted Areas may well embarrass the Government at a time when tha thrust of much of its economic policy has been aimed at closing the "cultural gap" between the U.S. and the UK small business environment.

Mr Melchor linked up with the NEB — now merged with the National Research Development Corporation into the British Technology Group (BTG)—to launch the £2m Anglo American Venture Fund in November 1980.

Supported enthusiastically by Sir Keith Joseph, the then Secretary of State for Industry, the fund was created to provide a combination of "seed corn" capital and an entrepreneurial style of management approach to foster fledgling ventures in advanced technology, particularly electronics. It is restricted to backing projects in the English assisted areas.

Tim Dickson looks at the frustrations of an American over here to boost small companies

An important role for the management company, which is headed and half-owned by Mr Melchor, is to identify opportunities to transfer to the UK high technology products already successfully launched in the United States.

Twenty months after the much publicised launch, however, Mr Melchor is "very disappointed" by results so far. Only £900,000 of the £2m bas so far been invested (more than £1m has been committed) and only one of these investments has been made in the last year.

BTG officials reckon Melchor's Californian experience, wbere venture capitalists and entrepreneurs work in close proximity and wbere new ideas thump on his desk every day, best explain his comments. They are very satisfied by what has been achieved in the Anglo-American fund so far and are currently studying bow to develop the scheme.

Mr Melchor also admits that exercising management control 8,000 miles away from his base in Northern California has proved difficult. He makes four trips a year to look at possible projects for the fund, before making his recommendation on behalf of the management company to the fund'a board.

Due in part to his frustrations, Mr Melchor is currently negotiating the launch of a £10m private UK fund later this year. Like most U.S. venture capital funds it will be backed by a combination of insiitutional investors and wealthy individuals and will be empowered to invest anywhere in the UK.

"Although I don't have much direct personal experience it seems to me that there are some good opportunities in the South East, particularly around London," he says.

"The climate for entrepreneurs has certainly improved in the UK though there are still a number of things which I think are wrong.

"Most of the financial institutions, for example, suffer from a dividend mentality which can hamper the growth of a new company in the early years. The Inland Revenue also takes away a lot of the incentives, notably with the way it taxes equity options."

Business failures rose 22% in first half to record level

BY CHARLES BATCHELOR

BUSINESS failures rose to record levels in the first half of 1982, according to two surveys published yesterday.

Company liquidations and bankruptcies showed a 21.7 per cent increase to 5,550 in the first six months of the year, compared to the equivalent period in 1981, Dun and Bradstreet, the husiness information company, said.

Compared to the first six months of 1980, the company failure rate showed an increase of 75 per cent.

Company liquidations in the second quarter alone were 2,943—a record rate of 226 liquidations a week. The second-quarter rate of liquidations was 13 per cent up on that of the first quarter of this year, Dun and Bradstreet said in its quarterly review.

Trade Indemnity, the UK credit insurance underwriter, also recorded a sharp rise in husiness failures in its quarterly report. Business failures notified by its policyholders rose by 22 per cent in tha first half of this year to 1,736.

Against the seasonal trend, the number of failures in the second quarter remained very high.

In all, 857 failures were notified, compared with 879 in the first quarter of this year and 657 in the second quarter of 1981, it said.

Dun and Bradstreet warned that many business failures were brought about by had cash management.

"Businesses should check that their customers and suppliers can meet their current obligations," said Mr John Dawson, the director of public affairs.

In a breakdown of tha worst-hit sectors, Dun & Bradstreet noted that the retail sector, with 1,256 company liquidations, accounted for 22.6 per cent of the total in the first balf of 1982, while the building and construction industry accounted for nearly 16 per cent.

Those two sectors—with the motor industry, whicb accounted for 13 per cent of the total—also recorded higher failure rates than in the first half of 1981. Textiles, responsible for 12 per cent, was the only sector to show a lower rate.

Trade Indemnity commented that its figures supported the view that the high level of failures would continue well into any period of recovery from the recession.

The furniture and uphostery sector suffered more than most in the first half of the year, it said. Manufacturing failures rose by 56 per cent and distrihution failnres by 112 per cent—an overall rise of 77 per cent.

The number and value of accounts passed to Trade Indemnity by its policy-holders for collection also remained higb.

Tha number of cases notified rose by 3 per cent to 3,840 in the first half of 1982, while the sums involved rose by 2 per cent to £7,53m.

Housebuilding outlook brightens

BY PAUL TAYLOR

PRIVATE housing starts in Great Britain rose by 26 per cent during the first five months of this year and by 35 per cent in the three months to the end of May. But builders expect a slower rate of progress during the rest of 1982.

Figures published yesterday by tha Department of the Environment illustrate the extent of the recovery in both public and private sector housing starts during tha early part of this year.

However, the most up-to-date figures oublished by the National House Building Council show a drop in the number of applications made last month by builders proposing housing starts to just over 12,000, compared with 14,000 applications made in May.

The NHBC is sticking to its forecast, made earlier this year, that starts are likely to he made on around 135,000 private homes in 1982. This would be an increase of about 16 per cent on the 116,000 starts made last year.

Nonetheless the outlook for bousebuilders is undenisbly brighter than it has been for some time. The Environment department figures, seasonally adjusted, show that starts were made on 63,400 private homes during tha first five months of this year compared with only 50,300 during the corresponding period a year ago.

Puhlic-sector housing starts over the same period bave risen from 14,400 to 24,300. In the three months to the end of May puhlic-sector starts were 66 per cent higher than during the same period a year ago, although 2 per cent lower than in the previous three months.

Total bousing starts in the three months to May were 12 per cent higber than in the previous quarter and 42 per cent higher than in the corresponding period a year ago.

Four-star war at Tenbury Wells

BY RICHARD JOHNS

THE PRICE of four-star petrol plummeted to 128p per gallon at Tenbury Wells, Worcestershire, at the weekend, as Shell challenged the discount offered by Conoco on its Jet brand.

By yesterday afternoon, however, Mr Bernard Maybury, proprietor of the Gate Change garage, whose stocks of Jet had run ont at Sunday lunchtime was charging 166.9p, having been resupplied.

The market town found itself in the forefront of the conflict triggered off by Conoco's announcement on June 18 that the price of Jet would be 1p less than that of any rival brand.

The average price of a gallon in the UK is now estimated to have fallen to 172p per gallon of four-star petrol, compared with 177p-178p, which the bigger distributors say is the minimum in order to avoid losses.

Price warfare is now proving costly. Shell is supporting about 300 of its distributors, roughly 10 per cent of the total. BP said that it was supporting its retailers "very selectively, down to the high 160ps."

Mr Maybury said his weekend sales increased by 50 per cent before his pumps ran dry. Prices at Tenbury Wells dropped from 166p per gallon to 128p as Shell's local dealer, the Swan Garage, matcbed his price cuts.

A truce was reached when Mr Maybury, presumably urged by Conoco, agreed to restore the price for Jet to 166.9p per gallon.

Harvard Securities drops legal actions

BY RAY MAUGHAN

HARVARD SECURITIES, the licensed dealing company, has dropped its £2m legal actions against the chairman of The Stock Exchange, Sir Nicholas Goodison, and other members of the council.

The Stock Exchange disclosed yesterday that it has agreed to stop monitoring Harvard's share dealings but has reserved the right to reintroduce its surveillance should circumstances require.

For its part, Harvard has given an undertaking that it bas ceased, and will not reintroduce, its previous practice of substantiating market prices.

Harvard issued a writ in August 1980 against the chairman and members of the Stock Exchange for what it claimed was a restraint of trade.

The licensed securities dealer alleged that it had not been granted an exemption under Stock Exchange Rule 211, which allows outside firms to pay commissions on a reducing scale for large transactions provided they comply with the same advertising restrictions as member firms.

Mr Tom Wilmot, Harvard's chairman, said yesterday that the firm had been losing some £160,000 annually as a result of paying commission at the full rate and had been dealing increasingly in overseas markets.

A second writ was issued by Harvard last year claiming for libel. The Stock Exchange had been monitoring Harvard's deals after the controversy arising from some substantial "put-througb" deals outside the Stock Exchange's jobbing mechanism seven years ago.

Harvard had been in the habit of substantiating the accuracy of such "put through" prices by undertaking certain small transactions in the Stock Exchange.

However, Rule 211 was abolished earlier this year io a general review of Stock Exchange commission scales.

Search goes on for Harland chief

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TWO LEADING executives of state-owned British Shipbuilders have ruled themselves out of consideration for the managing directorship of ailing Belfast shipyard Harland and Wolff.

Mr John Parker, BS deputy chief executive, and Mr Eric Mackie, managing director of the Govan yard in Scotland, have both been meotioned as possible candidates for the Belfast job, following the retirement of Mr Ronald Punt in May.

But the two men said yesterday through a BS statement "that they are concerned and embarrassed, hoth personally and professionally, at the Press speculation mentioning them in the context of the search for a new managing director of Harland and Wolff."

Tha Belfast yard hopes to find a sucecssor to Mr Punt by the end of this year. Meanwhile, Mr Douglas Cooper, the financial director, is also acting managing director.

Both Mr Parker and Mr Mackie are Ulstermen. Yesterday's statement from BS, howevar, was unequivocal: "Both men wisb it to he known that they are not interested in the job offer." Mr Parker was once a ship design apprentice at Harland and Wolff.

Plessey will sponsor Moving Image Museum

PLESSEY is to sponsor tha Museum of the Moving Image, planned for London's South Bank, it was announced yesterday. It will be the first of its kind on development of moving images, from the earliest Chinese shadow plays to film, video and other technologies.

The role of Plessey will be to concentrate on the future of this medium. Its £300,000 contribution will be supported by a permanent but changing exhibition.

The section will illustrata development of video technologies expected to transform aotertainment and communications in future decades.

Sir John Clark, Plessey chairman, said: "Plessey involvement in the Museum of the Moving Image indicates clearly the importance with which we view the future of telecommunications and video technology and our role in that future. The museum is likely to be one of the most exciting new ventures for Loodon in a long time and we are delighted to be associated with it."

Decline in city's traditional work hits the skilled

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE SEVERE impact on skilled workers of a steep decline in the traditional employment hase of an urban area is outlined today in a report on unemployment in East Newcastle.

Almost 40 per cent of workers unemployed for more than a year have served full craft apprenticeships and a third of the short term unemployed are similarly qualified, the study indicates.

The report is based on data collected last year in a survey of 1,500 housaholds in the area, which has a population of 37,000 and is closely tied to some traditional industries including shipbuilding.

Since the survey was carried out by Newcastle city council tha number of unemployed in the city as a whole has risen by 17 per cent. Some of the report's findings are therefore likely to be more sarious now.

The council study attacks the Government for, among other things, using cash penalties against some local authority expenditure designed to alleviate the effects of unemployment.

A major finding of the 95-page report is that long term unemployment is growing twice as fast as total unemployment.

Half the long term unemployed involved in the survey were under 40 years of age and, of the total unemployed in East Newcastle, two men in five and one woman in three have been without work for more than a year.

Long term unemployed made up 35 per cent of all unemployed in January this year and the report says this could eventually rise to 50 per cent.

If people on YOP schemes were included with the unemployed, the number of males under 20 without a permanent job would have stood at 48 per cent and 44 per cent for females.

Partly because unemployment is concentrated in a relatively small number of industries and companies, tha report doubts whether small employers can generate jobs in sufficient numbers to make any real impact on unemployment.

In Newcastle as a whole, there are 400 manufacturing companies which employ fewar than 50 people. In total these account for only 6,000 jobs. Total employment in this sector has remained relatively stable ovar the past few years.

Tha spiralling effect of unemployment on the trade of local small business, through ovarheads costs rising and trade being depressed, is noted.

Of 100 small businesses questiooed, just over half reported a fall in turnover, although a quarter said their trade had risen.

The report records a high incidence of activity among the unemployed in attempting to find work. It is unclaar though what effect the continuatioo of the recession has had on this rate of work-seeking.

More water for BNFL

LAKE DISTRICT planners have decided not to raise objections to British Nuclear Fuels (BNFL) getting a temporary licence to take a further 2.4m gallons of water par day from Wastwater. This was recommended by the Environment Secretary after the Two Lakes inquiry.

But the planners want an assurance from BNFL and the North West Water Authority that information will be made available on the monitoring of water taken under the present licence and any temporary licence.

Mr Rex Baynes, chief planning officer of the Lake District Special Planning Board, told the Development Control Committee that suggestions were being made in the Wastwater area that "when the lake level falls, BNFL are taking too much."

He said it was in the interests of the two bodies to take steps to make the results of their monitoring availabla to the public.

Unkind cuts over whose thrust 757 will have

By Michael Donne, Aerospace Correspondent

THE BATTLE between Rolls-Royce of the UK and Pratt and Whitney of the U.S. to supply engines for the new Boeing 757 twin-engined jet airliner is developing into a war of words.

With an estimated market for more than 1,000 aircraft —and so more than 3,000 engines plus spares, over the next decade or so, worth about £5bn (an estimate that may prove conservative)—neither side is leaving much to chance.

In what some senior Rolls-Royce executives see as a desperate move, Pratt and Whitney is now resorting to advertising which, even by U.S. standards in the genre, is blatant in its denigration of the British company's efforts, while also extolling the PW-2037.

"If you could buy fuel at yesterday's prices," says Pratt & Whitney in advertisements widely circulated in aviation magazines, "the competition's engine might be adequate." Describing the RB-211-535 as "a derivative of yesterday's models," Pratt & Whitney lambasts it as "a 1980s engine with 1960s configuration. Less fuel-efficient than Pratt & Whitney's all-new engine. And a derivative doesn't give you much room for improvements."

The Rolls-Royce response is pained but dignified. Mr Ralph Robins, the company's commercial director, in a personal message to 2,000 airline and business executives to counter the Pratt and Witney blast, says: "I want you to know that we regret that Pratt and Whitney feel it necessary to adopt this approach."

He goes oo to stress that Rolls-Royce "has taken the proven design concept of the RB-211 and incorporated 'state of the art' advanced technology."

He then plays his trump card. Those still in doubt "may wish to seek Boeing's independent assessmeot of the competing claims for the two engines"—because (although he doesn't say so) the Rolls-Royce engine has been flying in the 757 test programme for several months.

Glasgow rebuilds among the ruins

Mark Meredith looks at efforts to reverse the drift away from Scotland's biggest city

A CONFUSED system of motorways and expressways runs through the middle of Glasgow. They charge through the areas of post-war decay and dereliction, dismissing them as relics and whisking cars out to better things oo the outskirts.

Tha overhead road system gets carried away at times, with offshoots soaring off into spaca only to stop abruptly when cash, momentum, planning regulations or—more fundamental—confidence, ran ont.

Confidence is a touchy subject in Glasgow. The city has been laid low many times in the past as its tobacco, textile, coal handling, steel and shippiog industries have faltered or fallen. Confidence was required to start again and the commodity has beeo in short supply.

Since the war, Glasgow has beeo a city to escape. New housing centres in the suburbs, a network of satellita davelopments, and new towns outside were deliberately set up to offer oew and better housing and write off an accumulation of squalor in tha city caotre. It left the heart of Scotland's biggest city daeply neglected.

If the violence and deprivation associated with the daclloe of tha city's baavy industries through unemployment and poor housing did not do enough to give the city a bad nama, then a past and oow out of date record of political militancy among the trade unions—the red Clyde image—made things worse.

An attempt is oow being mada to get things going again in Glasgow. Some industry is going already: there are promising examples like John Brown in Clydebank. But much of the city's industry needs a shove.

An important alement in the rejnvenation of the city centre is a £30m scheme to turn a site at Queens Dock into an exhibition centre for the city. The venture is presently in the design stage with tha final go-ahead expected at the end of the year.

The centre is not designed to push Glasgow into the international exhibitioo circuit. In terms of floor space its 20,000 sq m would be only ooe-fifth the size of the National Exhibition Centre in Birmingham, which in turn is ninth in the table of international exhibition sites.

It is bound in with tha main thrust of Scottish industrial devalopmaot—a drive to replace heavy industry with high technology industries, chiefly in the field of microelectronics. It will act as a shop window for the city and the region as a whole, helping undarline Scottish industrial achievament.

The prime mover in the complex is tha Scottish Development Ageocy which is takiog on one third of the developmaot costs. Another third will coma jointly from Glasgow District and Strathclyde Regional councils and the final third from the private sector.

The agency commissioned a survey to find the region's best site for an exhibition centre which settled oo Glasgow and Queens Dock because of its accessible location. The network of roadways, once seen as a gash in the city centre, has gradually started to take oo an aspect more pleasant to the eye and more promising for the future.

Two new hotals, oew office blocks aod the proposed headquarters for the British National Oil Corporation have moved into the wilderness along tha motorway to take advantage of its easy access.

A far-sighted planner has also placed a station in tha urbao rail network just outside the prospective gates of the centra.

Mr Edward Cunningham, tha Scottish Developmaot Ageocy's director of planning and projects, poiots out that tha ceotre is unique in post-war Britain in that it will be the first to involve private funds.

Ha has taken over tha main co-ordination of the projact aod later this weak will giva tha participants tha latest cost estimates and design specificatioos.

The agency's involvement, however, also signals a weaknass in Glasgow's recovery. Tha initiative bas not coma from the private sector. In many cases the agaocy has found itself having to lead the privata sector to water and hoping it would drink.

A £40m redevelopmaot for the St Eooch area of central Glasgow, although to he fundad entirely by private developers, was, like the exhibition centre, an agency idea.

City businessmen argua that, given the economic situation, the scale for renewal required and public spending in othar UK axhibitioo centres, it is unreasooable to expect the privata sector to come up with projects like this. Only a government Body, thay argue, can allow itself to think oo such a scale. Tha private sector has beeo active but in a more limited way.

Mr Forbes Macphersoo, past president of Glasgow Chamber of Commarca, ia amoog those encouraging privata sector involvement. But high rates, previous government inceotives to build outside the city and the recession have all been disincaotives to invest.

The city has recovared from its many sethacks in tha past. "Why not now?" Mr Macpherson asks.

He conredas tha Governmant is doing much of the runoing but feels that two or threa key peopla should now step forward to astablish the private sector io the game.

He faals it was a mistaka to dralo the city's populatioo so completaly. It went from a badly ovarcrowded 1.4m before the war to its prasent 780,000. Tha youog left aod the city population aged.

New life in tha cantra of Glasgow cao raversa this treod and rastore, he feels, the right balance to tha city.

Litigation 'jungle' attacked

By A. H. Hermann, Legal Correspondent

"FOR MOST people, civil litigation remains a jungle which they enter at their peril and the means of settling disputes is best avoided if at all possible."

This is one of the conclusions of the 25th annual report of Justice, the British section of the International Commission of Jurists. In the report, Justice also records some successful initiatives in the field of civil law.

Its 1975 report on hankruptcy led to the appointment of the Cork Committee, whose recently published report adopts and reinforces many of the recommendations originally made hy Justice.

In the area of criminal law, pressure from Justice has led to the introdnction of the compensation scheme for victims of crimes of violence and the widening of the Court of Appeal's power to order retrials. The overall picture, however, remains unsatisfactory.

Although Justice has helped to secure the quashing of many wrong convictions, the pressure for improvement in the procedure which would prevent such injustices has so far had little effect.

The eight casea of suspected wrongful conviction with which Justice is concerned at presaot, reveal not only suppression of evidence by tha prosecution, but also, in some cases, the remarkahly defeatest attitude of the defence.

On buman rights, Justice reports the proliferation of declaratioos and of iotarnational conventioos, paralleled by increasiog hrutality in Iran, Turkey, Eastern Europe and Latin America.

● The Government's lack of progress on the reform of legal services has been criticised by tha newly-alected chairman of the Associatioo of Liberal Lawyers, Mr Tim Clement-Jooes.

Speaking at the Anoual Gaoeral Meeting of tha Association, Mr Clamaot-Jooes, baad of lagal services at Loodon Waekend Television, said that virtually oone of the recommendations of tha 1979 report of the Royal Commission oo Legal Services have been implemented.

He called for simplification of tha assessment of means for civil legal aid, adequate increases in capital limits and legal aid for more tribunals.

Mr Clement-Jones, who is prospective Liberal Parliamentary candidate for Streatham, said that, above all, law centres should be put on a more secure financial footing.

Doctors' leader urges more cash for NHS

FINANCIAL TIMES REPORTER

MORE MONEY must be made available to run the National Health Service and to reward health workers more fairly, the leadar of tha British Medical Association said in a warning to the Governmeot yesterday.

Mr Anthony Grabham stressed that ha was not commenting on the rights or wrongs of the health workers' 12 per cent pay claim or any other dispute.

But ha said: "Health service workers have for many years subsidised our NHS by the acceptance of relatively low earnings.

"Now they are being asked to accept further reductions lo their standard of living.

"The are being asked to subsidise the health service yet again at the expense of their families.

Mr Grahham, chairman of the BMA Council, told the annual representative maatiog io London that tha amount of money allocated by the Treasury to run the NHS was "clearly inadeqoate eithar to provide the kind of service which we all believe to be necessary or to reward its workers fairly."

Britain spent only 5.8 per caot of its gross national product oo health in 1980, compared with 9.1 per cent in the U.S. 8.7 per cent in West Germany, 7.9 per cent in Australia, and 7.7 per cent in France.

Mr Graham said the BMA fully supported the health service, and it was his duty to issue a serious warning to the Government and the public.

"I do not want to exaggerate, hnt thare are undoubtedly baginning to develop areas of vary real concern io many parts of the country," he said.

Mr Grabham aaid his first anxiety was that the gap between what existed and what was needed in the health service was steadily increasing.

"My sacond axiety is probably more important still. The NHS is heavily dependent upon the goodwill of those working in it. Clearly, the support of the medical and nursing professions is absolntely paramount hut it also applies—albeit to a lesser extent—to other works in the service."

Mr Grabham found it increasiogly difficult to accept repeated explanations givao for low pay in the NHS—that an iocrease in salaries would restrict services to paticots.

"If the sums of mooay available wera truly finite—then this argumaot might stand. But this is not the case.

"The amount of money available to the NHS is decided hy the Treasury and hy the Cabinet after assessiog the competiog claim of other services.

"I would urge most strongly that before any cash limits are set for the coming year that the Treasury mioisters in particular will consider very carefully indeed the claim of the NHS for a fairer share of the nation's wealth."

Full Government support for BR

BY IVOR OWEN

A DECLARATION of full support for Sir Peter Parker, British Rail's chairman, in insisting that Aslef the engine drivers' union, must accept the principle of flexible rostering was made by Mr Reginald Eyre, Under Secretary for Transport, in the Commons last night. He praised commuters for their determined efforts to get to work, despite the rail strike.

Mr Eyre urged Labour MPs to join the Government supporters in backing the BR board's appeal to Aslef members to call off the strike before it ruined the railway industry.

Mr Robert Hughes, a Labour front bench spokesman on transport, ducked a challenge from Mr Richard Mitchell (SDP Southampton Itchen) to say whether the opposition believed that Aslef had been justified in calling the strike.

Instead he argued that proposals made by Aslef toward the end of last month meant that its differences with the BR Board were "minimal" and that it was the duty of the Government to recognise its responsibility to prevent further hardship being imposed on the travelling public by taking action to bring the parties together.

Mr Hughes called on Ministers to "set aside" the hard words they had used in recent days and have talks with the BR Board and Aslef, either separately or jointly, with a view to ensuring that the remaining gaps between the parties to the dispute could be bridged.

He maintained that if Mr David Howell, the Transport Secretary, agreed to exercise his responsibilities in an appropriate manner the railway system would be working normally soon.

Mr Eyre retorted that the BR Board had explored every possible avenue of negotiation with Aslef even to the extent of offering an olive branch which would have enabled the union to accept the introduction of flexible rostering without loss of dignity.

Aslef's response, he said, had been to call an all-out strike and the BR board had been quite right to refuse to consider still more talks under such a threat.

Mr Eyre gave warning that the strike would lead to more people using alternative forms of transport on a permanent basis—coach traffic was already booming—and stressed that the cost of the Aslef strikes earlier this year, £80m, would have been sufficient to electrify the line from London to Leeds.

He denied that the Government had cut the support provided for rail services, pointing out that in real terms, the present Government had provided £186m more than the sum made available by the Labour Administration in its last full year of office.

George Gardiner: 'commuters want strike broken'

The Government and the taxpayer, he said, could not be expected to go further when rail services were disrupted by wholly unnecessary strikes. Moreover, the workforce was still failing to live up to productivity agreements made in last year's round of pay bargaining and these were already being paid for.

Mr George Gardiner (Con Reigate) opened the debate with a hard-hitting speech in which he declared that the time had come to "break the backs" of those who stood in the way of the provision of an efficient modern railway system and who sought to defend old restrictive practices to the bitter end.

He said the BR management had woken up late in the day to the need to break restrictive practices rather than to reach fudged compromises which allowed them to continue.

Mr Gardiner emphasised: "Commuters demand that this strike be broken. They don't want another fudge."

He told Ministers on the Government front bench that commuters were in the mood to resist Aslef and accept sacrifices and hardship just as they had last winter.

"They are fed up with being the victims of regular strikes and they know that so-called "normal" railway services just cannot go on as in the past."

Mr Gardiner said commuters expected tha BR board to stand firm and play its hand just as hard as Aslef had always played its hand in the past.

Commenting on a statement by Mr Ray Buckton, the Aslef general secretary, that it would be a "fight to the death," Mr Gardiner asked, "Is it by any chance going to be the death of Aslef? What a welcome event that would be."

Falklands inquiry difficulties overcome

By Peter Riddell, Political Editor

MRS THATCHER is believed to have reached broad agreement with Labour leaders about the terms of reference and focus of the proposed inquiry into the origins of the Falklands crisis.

The Prime Minister and Mr William Whitelaw, the Home Secretary, yesterday saw Mr Michael Foot, the Labour leader, and Mr Denis Healey, his deputy, for 45 minutes. They were reported to have removed any remaining substantial differences on the issue.

Paradoxically both sides were saying last night that they had not shifted on any points of principle about the focus of the inquiry.

All the indications are that some kind of compromise formula has been found to cover both Labour's insistence that the main focus should be on the events leading up to the Argentine invasion, and to meet Mrs Thatcher's desire for an examination of policies going back to the mid-1960s.

Some MPs detected signs of slight movement in the Government's position.

There are no problems about the membership of the inquiry team, which is likely to be made up of five or six people, most of whom have already been approached. The Prime Minister will make a statement to the Commons within a couple of days.

There are, however, still indications of disquiet among the other opposition parties. Mr David Steel, the Liberal leader, is known to be annoyed about what he regards as "party politicking" over the Falklands issue by the Prime Minister and other Ministers.

He believes this has prejudiced the chances of ensuring that the inquiry is considered on its merits. Mr Steel would like it to be set up by parliament and not by the Government, as preferred by the Prime Minister.

He is not satisfied that the current discussions will lead to the best possible form of investigation.

Dr David Owen, who was involved in the discussions for the Social Democratic Party, has also been critical of the talks about the establishment of the inquiry. His criticism followed similar lines to that of Mr Steel.

The Prime Minister has been writing to Mr James Callaghan, Mr Edward Heath and Sir Harold Wilson, to request them, as a matter of courtesy, to disclose official papers relating to the Falklands during their Administrations.

Meanwhile, the guessing game continued at Westminster over possible members of the inquiry. It is expected to include a distinguished academic as well as leading politicians from both the Commons and the Lords.

A favourite name for chairman is Lord Franks from Oxford, a distinguished former public servant. He now seems to be running ahead of historians, like Lord Dacre or Lord Blake, though Whitehall is remaining discreet.

TUC announces plan to step up NHS pay action

BY IVO DAWNAY, LABOUR STAFF

THE TUC yesterday announced a plan to extend sympathy action for the NHS workers' pay dispute to more than 6m workers outside the NHS.

Mr Len Murray, TUC general secretary, met general secretaries of eight unions, as well as the Confederation of Shipbuilding and Engineering unions, who have members in the health service. They agreed to instruct local and regional officials to take sympathetic action in the three-day stoppage planned by all NHS workers for July 19-21.

However, it is not expected that this would involve widespread strike action outside the NHS. Workers in the engineering, motor, chemical, road transport, water, and gas industries along with dockers and local government workers will be urged to join demonstrations and picket lines and take part in leafleting campaigns.

Sympathetic strike action by miners in Yorkshire, Scotland, Wales, Derbyshire and some parts of Nottinghamshire has been taken during the four one-day stoppages which have already been held. However, the TUC refused again yesterday to comment on the legality of yesterday's decision. Under the 1980 Employment Act sympathetic action by workers not directly involved in a dispute is illegal.

● Mr Tony Grabham, the chairman of the British Medical Association, yesterday made a surprisingly outspoken attack on the Government's attitude to National Health Service funding.

He also indirectly criticised the Government's handling of the NHS pay dispute.

He said at the BMA annual meeting: "Already health service workers have, for many years, subsidised our NHS by the acceptance of relatively low earnings. Now they are being asked to accept further reductions in their standard of living and I do not believe that this situation can, or should, continue indefinitely, because it can only damage the health service."

Mr Grabham said he found it increasingly difficult to accept the explanations given for low pay in the NHS.

Refuse collectors in jobs plan

BY DAVID GOODHART, LABOUR STAFF

WANDSWORTH'S 216 refuse collectors have drawn up radical proposals for the reorganisation of their service which they say would save the South London council more than £1m a year and lead to the loss of about 65 jobs.

The proposals will be put to the council later this week by representatives from the General and Municipal Workers' Union and the National Union of Public Employees, the two unions involved. The plans are a final attempt to stop the refuse service going to a private contractor.

Last month, the refuse collectors agreed to go back to work after a bitter and sometimes violent seven-week strike against tha Tory-controlled council's plan for the work to go private. The stoppage intermittently involved all 2,500 of the council's manual workers and many of the white-collar staff. The only concession the strikers won was the right to examine details of the 14 private tenders for the refuse contract.

The council has announced already that the lowest tender came from Grand Metropolitan Waste Services. The tender of £9.3m over a five-year period would save the council nearly

A joint union official said yesterday that the refuse workers' new plans would work out £300,000 a year cheaper than the director of technical service's plan.

Museums law pledge by Channon

LEGISLATION to establish separate trustees to manage and control the Victoria and Albert and the Science Museums will be introduced at the earliest opportunity, Mr Paul Channon, Arts Minister, said today.

The Government had accepted the recommendation of the Rayner scrutiny, that the V & A and Science museums should cease to be departmental museums, be announced at Question Time. Decisions on the other recommendations would be taken when consultations were completed.

The newly appointed opposition arts spokesman, Mr Phillip Whitehead, attacked a recommendation that there should be some admission charges. "It would resurrect one of the most bankrupt and discredited policies in the last Tory Government," he said. Charges would discourage those it was most important to draw in.

Mr Channon replied that there were already charges in large sections of museums. Local museums had been able to charge for years.

Green Paper on union reform expected to herald legislation

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT now looks almost certain to publish a Green Paper on the question of internal trade union procedures within the next few months as a preliminary to another Employment Bill—probably in the last legislative session before an election.

Mr Norman Tebbit, the Employment Secretary, is understood to have told Tory back benchers that he would like to issue a discussion document covering a wide range of issues related to how unions conduct their affairs, including the use of secret ballots—both for election of union officials and before strikes—and the publication of union accounts.

The Green Paper could also deal with the highly controversial question of the political levy paid by unions to the Labour Party.

The Government may give some indication of its readiness to consider further legislation during the debate on tha Employment Bill in the Lords next week. Tory and cross bench peers have put down a number of amendments relating to secret ballots.

Similar clauses have been tabled by the Social Democratic Party which tried to insert a clause providing for secret ballots for election of union officials, when the legislation was going through the Committee Stage in the Commons.

Lord Orr-Ewing, one of the organisers of the campaign within the Lords to tighten up Mr James Prior's first Employment Bill, has tabled a new clause which would enable the Government to order a ballot of union members when it considered a strika was of major significance.

Lord Marsh, the former Labour Transport Minister and chairman of British Rail, who now sits as a cross-bench peer, has also put down an amendment. This would enable an employer, in the same circumstances as British Rail now finds itself, to lay off workers without pay when industrial action by another group of workers meant it was unable to carry out its normal business.

The amendments could well attract considerable support from a combination of SDP, Liberal, cross-bench and rebel Tory peers. But since the Labour Party will oppose them, the Government should be able to defeat them without too many problems if they are forced to a division.

Nevertheless, the Government does not want to be in a position where the SDP appears to be stealing its laurels over trade union reform. For this reason it may stress its own willingness to consider further legislative reforms.

The expectations of Tory back benchers were raised last week by the Prime Minister when she made clear in the Commons that she hoped there would be another Employment Bill before the election.

All the signs are that there is likely to be a major debate in the party over the next few months over internal trade unions procedures. The Conservative trade unionists are to meet this weekend to consider their motion for this year's party conference. Since they have long been committed to secret ballots for trade union officials, it is almost certain that they will try to get this debated at the party conference, thus adding to the pressures on Mr Tebbit to commit himself to another Bill.

Deal averts Odhams closure

By Ivo Dawnay, Labour Staff

ODHAMS, the Watford printers, yesterday called off its closure threat after talks at the weekend resolved the company's long-running dispute with 140 compositors.

The IPC subsidiary had warned that the plant would close on Friday with 1,600 redundancies unless print workers in the National Graphical Association called off their strike over new technology payments.

But a compromise deal was agreed with NGA national officials at the weekend, allowing the compositors to be paid the full £14-a-week rate, negotiated nationally with the British Printing Industries Federation, for using new photocomposition equipment.

Birkenhead dockers start strike over work transfer

BY BRIAN GROOM, LABOUR STAFF

THE 250 dockers employed at Birkenhead by the Mersey Docks and Harbour Company went on strike yesterday over compensation for their permanent transfer to work across the river in Liverpool.

A meeting of the Port of Liverpool's union leaders and employers failed to resolve the dispute but it has not yet spread to the rest of the 2,500 Mersey dockers.

The company, which lost £7.5m last year, is ending Birkenhead operations as one of its measures to break even by the end of the year in order to meet the Government's deadline for any further grant aid.

The dockers were due to start work across the river in Liverpool yesterday after a week's reprieve for negotiations. The strike has not affected shipping, because cargo-handling has ended at Birkenhead. The last vessel sailed a fortnight ago.

The 250 workers rejected unanimously the offer of a short-term travel allowance. They are seeking substantial compensation and a longer-term travel concession.

Unions and management are due to meet again today, at a session already scheduled to discuss this year's delayed pay and conditions award.

Lords warned of rare species stockpiling

Rare specimens of animal and plant life are being grabbed and stockpiled by people out to beat forthcoming legal bans on their activities, the House of Lords was told yesterday.

Lord Melchett (Lab) said that 60 peregrine falcon nests had been robbed of their young this spring, affecting 10 per cent of the British population of these birds. Would-be falconers appeared to be stockpiling in advance of the Wildlife and Countryside Act's provisions.

Lord Craighton (Con) said: "Certain butterflies are being stockpiled against the time when it will be illegal to catch them." Lizard orchids, which would be protected by the Act, were being dug up and sold abroad. Until the new law's commencement orders were enacted the matter could not be "brought home" to the public.

For the Government, Lord Avon described the reports as alarming and said the whole House deplored the action of irresponsible people who used the Act as a convenient early warning of creatures and plants they should concentrate on collecting before it was too late.

Tory trouble-shooters will boost weaker constituency parties

BY OUR POLITICAL CORRESPONDENT

CONSERVATIVE Central Office have formed a new group of trouble-shooting MPs who will be sent into constituencies where the party's organisation is known to be inadequate.

The group, made up of 28 MPs with experience of campaigning and well-oiled party machines of their own, will advise local parties on how to strengthen organisation and to build party membership in advance of a general election. It will also produce a booklet of tips for inexperienced candidates.

The move is the latest stage of the party's campaign to improve its organisation before the election. Earlier this year Central Office carried out a "political audit" of all local parties, aimed at assessing the general state of organisation and identifying weak constituencies.

The audit showed that about 60 constituencies were in need of attention—either because they were run down or because the local party felt it could, with a bit more help from Central Office, improve its effectiveness.

The formation of the group comes at a time when some Tory MPs are saying to the Prime Minister that she would do well to go for an early election on the basis of her determined stand, over the Falklands and the trade unions. But Central Office insists that there is no possibility of an election this year.

Nevertheless, it is beginning to gear up for a contest. Work on the manifesto which apparently slipped a little during the Falklands crisis, is now going ahead, as indicated by the Chancellor in a speech at the weekend.

Rig workers to consider strike

By Our Labour Staff

A MEETING in Aberdeen today of shop stewards representing 600 North Sea catering workers will decide whether to strike over pay.

The action could seriously affect the operation of 16 North Sea oil rigs.

A strike was planned originally to start on Sunday night, but after the intervention of Acas, the conciliation service, the five largest catering companies in the North Sea increased their offer from 6 to 7 per cent. The unions had claimed 12 per cent.

Sealink dispute continues

BY OUR LABOUR STAFF

SEAMEN at Harwich continued their dispute with Sealink UK yesterday over the company's proposed pay cuts of up to £86 a week.

The ferry St George did not sail for the fifth day running from Harwich to the Hook of Holland, and a freight liner and train ferry bound for Zeebrugge also failed to sail. The dispute is expected to continue today but a Sealink official said yesterday that all ferry passengers were being transferred to the ships of Sealink's Dutch partners.

The dispute has now affected about 300 of the 500 seamen at Harwich, but it is not expected to spread to other Sealink ports in spite of the full support of the National Union of Seamen for any action taken. The NUS say that if the pay cuts are pushed through at Harwich a bosun will see weekly earnings drop from £253 to £167. Pay cuts have already been accepted at Newhaven and the union fears that if they are accepted at Harwich too it will spread to most ports in the country.

Sealink, a subsidiary of British Rail, says it cannot continue to run the loss-making Harwich line — in the face of stiff competition — without reductions in pay and staff.

A temporary compromise over the pay cuts seemed possible last week when the company agreed to withhold their implementation until July 14, but a mass meeting of NUS members yesterday decided to continue the dispute indefinitely.

Jury service bar 'will be extended'

THE Government remains determined to ban people with criminal records from jury service, despite being forced to abandon its initial attempt to introduce the reform.

Sir Michael Havers, the Attorney General, confirmed in a Commons written reply yesterday that Ministers would not seek to bring in the change under the Administration of Justice Bill scheduled for detailed Commons discussion this week.

A proposed amendment to the non-controversial measure, which would have extended the jury ban beyond people with prison records to anyone previously convicted of an imprisonable offence, was withdrawn after Labour MPs threatened to oppose the Bill's passage.

But Sir Michael told Mr Robert Kilroy-Silk (Lab, Ormskirk), a known critic of the proposal: "The Government will continue to look for suitable and early legislative opportunities to take these proposals forward."

Changes to the opposition front bench team were announced yesterday by Mr Michael Foot, the Labour Party leader. They stem from the dismissal last month of two spokesmen, Mr Tam Dalyell (Science) and Mr Andrew Faulds (Arts). Both were dropped after they voted against the Government on the Falklands crisis in defiance of the official party line which was to abstain.

Mr Geoffrey Robinson (Coventry North West) becomes opposition science spokesman and Mr Philip Whitehead (Derby North) takes over responsibility for arts. He will also retain his present duties as a member of the front bench education team.

Labour group condemns high exchange rates

BY MAX WILKINSON

BRITAIN HAS no hope of economic recovery without a substantial devaluation, the Labour Economic Policy Group told the Treasury Committee of MPs yesterday.

The ginger group of left wing economists believes that one of the main reasons for Britain's economic decline over the last 100 years is that the exchange rate has tended to be too high.

Mr Bryan Gould, chairman of the group told the committee that he would like to see a Labour government take three measures to bring the rate down.

- Substantial expansion of the money supply;
- A general declaration that the Government thought the exchange rate was overvalued;
- A lowering of interest rates.

If necessary, Mr Gould said, he would also consider a two-tier exchange rate with a more favourable (lower) exchange rate for exporting industry.

Mr Gould told the committee: "I think there would be an enormous loss of confidence (as a result of these policies). We are accustomed to look with horror at the idea of a loss of confidence, but it need not be a bad thing. It would do the job for us."

Mr Gould was answering questions on a memorandum which his group prepared for the committee setting out the benefits of a lower exchange rate for British industry.

It says that a "correctly positioned exchange rate" could remove the constraint on the economy which would otherwise be imposed by a deficit on the current account of the balance of trade.

This would allow the economy to operate at full capacity and to secure reasonable growth while balancing its international trade.

During the last 100 years, Mr Gould says the British have failed to understand the true importance of the exchange rate and have had a policy of maintaining the highest possible parity.

As a consequence "we have condemned ourselves to a vicious downward spiral of of declining output, profitability and competitiveness, which is the exact reverse of the experience of our successful rivals," he said.

Britain should aim to reverse that spiral by promoting export-led growth with a lower exchange rate leading to improved productivity and higher investment.

The group believes it would be easier to contain wage costs in these circumstances than during a period of declining output induced by tight money policies and a relatively high exchange rate.

Talks still in progress with Nissan

By Ivor Owen

CONSULTATIONS are still proceeding between the Government and Nissan of Japan about the possibility of the Japanese company establishing a car manufacturing plant in Britain. Mr Nicholas Edwards, Welsh Secretary, made this clear in the Commons yesterday.

He describes as "speculative" reports that the company had already decided to shelve proposals which would have led to its producing 200,000 cars a year in Britain.

Mr Edwards stressed that it would be for Nissan to decide whether to go ahead with the project and, if so, on what scale and at what location.

Mr Geoffrey Robinson (Lab Coventry North West), who unsuccessfully sought an emergency debate on the issue, said the company had made no more than a "weak denial" that it had already decided to abandon the project.

He insisted that the Government needed to act quickly to provide alternative capacity, if the project, which was expected to provide 5,000 jobs, did not go ahead.

Mr Robinson urged the Government to have urgent talks with BL about stepping into the breach.

£1.2m grant cut

FIRST steps towards cutting Stirling District Council's rate support grant by £1.2m were taken yesterday by Mr George Younger, the Scottish Secretary, in a report to the Commons.

Scargill lays down radical plan as mineworkers 'enter new era'

BY JOHN LLOYD, LABOUR EDITOR

MR ARTHUR SCARGILL laid down a radical programme for the National Union of Mineworkers under his leadership, in his first speech to the NUM conference as miners president.

Central to his plan for the future is the insistence that the NUM is entering a new era, a sharp break with the principles and practice of Lord Gormley, his predecessor. The new era will be one of resolute resistance to closures, militant wage compaigning, direct accountability, demands for massive expansion of output and the primacy of annual conference.

The political stance of the union is now to be firmly on the left. The new president wants to defy all provisions of the employment legislation, to support other sections of workers when they need it, to push for a thoroughgoing socialist policy for the Labour Party and to break down the barriers between Western unions and those in Communist countries.

Mr Scargill called on his annual conference in Inverness to endorse opposition to pit closures as its central task.

"Protection of the industry is my first priority, because without jobs all our other claims lack substance and become mere shadows. Without jobs, our members are nothing —they have no power, or means of subsistence because we live in a society which penalises people who have no jobs."

Snowdown Colliery in Kent—where the National Coal Board wants to stop production — is, Mr Scargill believes, a sign of widespread closures.

"The union must reaffirm its determination to oppose all pit closures and take industrial action to save Snowdown Colliery, which we see as being symptomatic of the board's attempt to introduce a closure programme in every area of the British coalfields."

Coupled with this is a demand that wages should rise to reflect the danger of miners' work. Mr Scargill wants miners not just to top the industrial workers' wages league but to be among the highest paid in society.

He proposed a bond of commitment between leaders and led; the leaders would engage to obey conference resolutions, but "I also have every right to demand total support from the members of this union. Leadership is only as strong as the backing it receives from the rank and file — and if at the end of the day, the union's claims cannot be met through negotiation, we have every right to demand your backing in an individual ballot."

He sees new investment as essential. Work must start on projects such as Margam, in South Wales, Musselburgh in Scotland and in the Midlands, the North-east and Yorkshire.

"To make an expensive programme of this kind viable, the Government has to take steps to create an expanding market for coal. It is no good urging miners to produce more coal if decisions are taken to allow our traditional market to be destroyed. We need a commitment from central government that it will underwrite a minimum output of 200m tonnes a year."

Mr Scargill wants a socialist policy for the Labour Party and he wants it to be implemented. He is against the proscription of the Militant Tendency, reminding delegates yesterday that "the last time we had proscriptions of this kind in our party, it resulted in Nye Bevan being expelled and Michael Foot having the Labour whip withdrawn."

Union leaders must be prepared to flout the employment legislation in order to render it ineffective, he said.

"British miners will take industrial action whenever they consider it necessary — we will use whatever methods are considered appropriate — we do not, and will not, recognise distinctions between forms of picketing."

Finally, he wishes to unite the bitterly divided Communist and Western union federations, at least as far as the miners are concerned.

"The cold war divisions within the trade union movement have gone on too long — I want to see one international body embracing every mining union in the world, bringing together our comrades from the East together with those from the West and the third world countries."

TELEVISION

Tonight's Choice

Can the summer be over? There is an extraordinary number of new series on television tonight which usually means autumn. Mind you, on closer inspection one of the new series turn out to be a season of John Ford films, starting with the 1939 classic Stagecoach, which made John Wayne. This is on BBC 2 at 8.30 and preceded by The Past Afloat in which Anthony Burton investigates British seamanship, and kicks off with the earliest boats.

The new series on ITV is Video Entertainers, an odd name for what is basically a talent show. I'd be surprised if you wanted to video any of tonight's acts, but you could do worse than record Another Sunday and Sweet F.A. by Jack Rosenthal, one of the gentlest and most humorous of TV playrights. This is, topically, about a local football match and was well received first time round (ITV).

To add to the peak season flavour there are interesting programmes dotted around the evening—Honeymoon in the Sky on BBC 2 at 5.40, with film of the early days of flying; a documentary on British Catholics John Paul's People on BBC 1 at 9.25; and a repeat run for Private Schultz which Chris Dunkley liked very much when originally shown on BBC 2.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University. 1.00 pm News After Noon. 1.27 Regional News for England (except London), London and SE: Financial Report. 1.30 Bagpuss. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Lassie.

5.05 Newsround.
5.10 Take Two.
5.40 Evening News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Triangle.
7.20 The Wonderful World of Disney: "Chester, Yesterday's Horse."
8.05 Private Schulz. World War Two is the setting for this serial in six parts, starring Michael Elphick.
9.00 News.
9.25 John Paul's People: The British Catholics. A documentary.
10.15 Phonefun Limited by Bernard Maclaverty.
11.03 News Headlines.
11.05 World Cup Report.
11.20 Harry O, starring David Janssen in "The Admiral's Lady."

BBC 2

6.40-7.55 am Open University.
10.30 Play School.
5.40 Honeymoon in the Sky.
6.55 Six Fifty-Five Special.
7.30 News Summary.
7.35 Food and Drink.
8.05 The Past Afloat.
†8.30 John Ford Season "Stagecoach," starring John Wayne.
10.05 Brass Tacks Reports.
10.45 Newsnight.

LONDON

9.30 am Rocket Robin Hood. 9.50 Wild, Wild World of Animals. 10.15 Young Ramsay. 11.05 Incredible World of Adventure. 11.30 Paint Along with Nancy. 12.00 Pullover. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, with Peter Sissons, plus FT Index. 1.20 Thames News, with Robin Houston. 1.30 Emmerdale Farm. 2.00 After Noon Plus Revisited. 2.25 Racing from Newmarket. Covering the 2.35, 3.05 and 3.35 races. 3.50 Home Sweet Home. John Bluthal in "On the Job." 4.20 Runaround. 4.45 CB TV—Channel 14. 5.15 The Daily Mirror Gymnastics Scholarships 1982. From the Royal Albert Hall, London.

5.45 News.
6.00 Thames
6.35 Crossroads.
7.00 Best of British: "Man About the House"—
7.30 The Video Entertainers.
8.00 The Streets of San Francisco.
9.00 Best of British "Another Sunday and Sweet F.A."
10.00 News, followed by Thames News Headlines.
10.30 East Side Story.
11.30 Kaz.
12.25 am Sit Up and Listen.

ANGLIA

9.30 am Sesame Street. 10.30 A Dairy of Civilisations. 11.20 The Flying Kiwi. 11.50 Wattoo, Wattoo. 12.30 pm Gardening Time. 3.50 Looks Familiar. 6.00 About Anglia. 8.00 The Incredible Hulk. 11.30 Quincy. 12.15 am Angle on the Argentine.

BORDER

9.30 am Larry the Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.20 Target the Impossible. 10.40 Bailey's Bird. 11.00 3-2-1 Contact. 11.30 Johnny's Animal Operas. 1.20 pm Border News. 3.50 Looks Familiar. 6.00 Lookaround Tuesday. 8.00 Simon and Simon. 11.30 Border News Summary.

9.55 am The Eye of the Storm. 10.45 The Incredible Hulk. 11.30 The Crazy World of Sport. 12.30 pm The Young Doctors. 1.20 Central News. 2.00 Central News at the Royal Show. 3.50 Central News at the Royal Show. 6.25 Central News. 8.00 Magnum. 11.30 City of Angels.

CHANNEL

12.30 pm The Electric Theatre Show. 1.20 Channel Lunchtime News. 3.50 Daily Mirror Gymnastics Scholarships 1982. 5.20 Crossroads. 6.00 Channel Report. 8.30 Looks Familiar. 8.00 Simon and Simon. 10.28 Channel Late News. 11.30 Nero Wolf. 12.25 am Commentaires et previsions meteorologiques.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Beyond West World. 11.30 At Dawning Man of the North. 11.55 Captain Nemo. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.50 Looks Familiar. 6.00 Summer At Six. 8.00 Simon and Simon. 11.30 Spellbinders. 12.00 am North Headlines.

GRANADA

9.30 am Larry the Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.20 Target the Impossible. 10.40 Bailey's Bird. 11.00 3-2-1 Contact. 11.30 Johnny's Animal Operas. 1.20 pm Granada Reports. 3.50 Looks Familiar. 6.00 This is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 8.00 Simon and Simon. 11.30 Barney Miller. 12.00 Late Night From Two.

HTV

9.40 am Sesame Street. †10.40 Tuesday Morning Feature Film. 12.30 pm Gardening Time. 1.20 HTV News. 3.50 Looks Familiar. 6.00 HTV News. 8.00 Simon and Simon. 10.28 HTV News. 11.30 Portrait of a Legend. 12.00 am Weather and Closedown.

HTV CYMRU/WALES—As HTV WEST except: 12.00 Cel Cocos. 4.20 pm Ar El Ol. 6.00 Y Dydd. 6.15 Report Wales. 10.30 Gwyl Ffilmiau Celtaidd. 11.30 East Side Story.

SCOTTISH

10.00 am Once Upon a Time . . . Man. 10.25 Tuesday Matinee. 12.30 pm Gardening Time. 1.20 Scottish News. 3.50 Looks Familiar. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.35 Down to Earth. 8.00 The Incredible Hulk. 11.30 Late Call. 11.35 Pro-celebrity Snooker.

TSW

9.30 am Sesame Street. 10.30 Feature Film: "Time Gentleman Please." 11.50 The Undersea Adventures of Captain Nemo. 12.30 pm The Electric Theatre Show. 1.20 pm TSW Regional News. 3.50 The Daily Mirror Gymnastics Scholarships 1982. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Looks Familiar. 8.00 Simon and Simon. 10.32 TSW Late News. 11.30 Nero Wolfe. 12.25 am Postscript.

TVS

8.30 am Untamed World. 10.00 The Love Match. 11.25 Cartoon. 11.30 A Full Life. 1.20 pm TVS News. 3.50 Looks Familiar. 6.00 Coast to Coast. 11.00 Brass in Concert. 12.15 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Clegg's People. 9.55 The Music of Man. 10.35 Morning Movie—"The Amorous Prawn." 1.20 pm North East News and Lookaround. 3.50 The Riordans. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 8.00 Simon and Simon. 10.30 North East News. 11.30 The Two of Us. 12.00 am Epilogue.

YORKSHIRE

9.30 am Sesame Street. †10.30 Miss Robin Hood. 11.45 Magilla Gorilla. 11.55 The Undersea Adventures of Captain Nemo. 12.30 pm Looks Familiar. 1.20 Calendar News. 3.50 Calendar Tuesday. 6.00 Calendar Emley Moor and Belmont editions. 8.00 Simon and Simon. 11.30 The Living Legends of Jazz and Blues.

ULSTER

1.20 pm Lunchtime. 6.00 Good Evening Ulster. 8.00 Simon and Simon. 10.29 Ulster Weather. 11.30 News.

(s) Stereo broadcast (when broadcast on vhf)

RADIO

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis including 12.30 Newsbeat. 2.00 pm Paul Burnett. 4.30 Peter Powell including 5.30 Newsbeat. 7.00 Talkabout with Robbie Vincent. 8.00 David Jensen. 10.00 John Peel (s).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.50 Sports Desk. 10.00 The London Palladium Story. 11.00 Brian Matthew with Round Midnight (from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music with Charles Nove (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composers (S). 10.00 Royal Overseas League Music Festival 1982 (S). 10.45 Shostakovich (S). 11.35 Benjamin and Brahms (S). 12.10 pm BBC Welsh Symphony Orchestra (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra (S). 2.00 Music at Oxford (S). 2.15 University of Wales Recital (S). 4.20 Szymanowski and Rachmaninov (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Jazz Today (S). 7.00 From Molecules to Mind. 7.45 The Bach Who Came To London: Endimione (S). 9.00 My Merry Mornings. 9.20 Endimione, part 2 (S). 10.15 Beowulf. 10.45 Vladimir Askenazy (S). 11.15 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.2 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. Travel. 11.03 Thirty-Minute Theatre (s). 11.33 Wildlife. 12.00 pm News. 12.02 You and Yours. 12.27 England, Their England. 12.55 Weather, Travel, Programme News. 1.00 The World At One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Silver Darlings (s). 4.00 News. 4.02 Countryside View. 4.10 A Singer Remembers. 4.40 Story Time. 5.00 PM. 6.00 News, including Financial Report. 6.30 Brain of Britain 1982 (s). 7.00 News. 7.05 The Archers. 7.20 Silent Avenues of the Past. 7.50 File On 4. 8.20 The Bantams. 9.05 In Touch. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Injury Time. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 am News.

FT COMMERCIAL LAW REPORTS

Law Society not accountable for brokerage

SWAIN AND ANOTHER v LAW SOCIETY

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Scarman, Lord Roskill and Lord Brightman): July 1 1982

WHERE A professional body, acting in its public capacity, sets up a compulsory group insurance scheme to cover liability of members of the profession, it is not accountable in private law to the individual premium payers for money it receives under a commission-sharing agreement with brokers.

The House of Lords so held when allowing the Law Society's appeal from a Court of Appeal decision that it was accountable to the plaintiff solicitors, Mr J. M. Swain and Mr A. S. McLaren, for money received under a commission-sharing arrangement with insurance brokers. The plaintiffs claimed that the Law Society should return the money to solicitors who paid premiums under the Society's compulsory professional indemnity scheme.

Section 37 of the Solicitors Act 1974 provides: "(1) The Council [of the Law Society] . . . may make . . . 'indemnity rules' . . . in respect of civil liability incurred—(a) by a solicitor or former solicitor in connection with his practice . . . "(2) . . . indemnity rules . . . (b) may authorise or require the Society to take out and maintain insurance with authorised insurers"

* * *

LORD DIPLOCK would allow the appeal. He said that the Law Society performed its functions in a private capacity, under Royal Charter of 1845, and a public capacity as the authority on which duties were imposed, and powers conferred, by the Solicitors Act 1974.

When acting in its private capacity, the Society was subject to private law and its only duty was to its members. When acting in its public capacity, it was governed by public law, and its duty was to act in the best interests of that section of the public which might be in need of legal advice.

The Law Society, acting in its public capacity, adopted the method of indemnity for solicitors specified in section 37 (2) (b) of the 1974 Act, i.e. group insurance effected under a master policy taken out and maintained by the Society.

If the public was to be adequately protected by that method, it must have been intended that as against the insurers each solicitor should have the rights and be subject to the duties of an assured under the policy. The source of those rights and obligations was statutory only; they did not depend on private law concepts, and so did not attract the principles of accountability for profit that followed in private law from relationships of agent or trustee.

The Law Society would have been lacking in business acumen had it not taken advantage of its ability to choose brokers, by obtaining a share of the brokerage paid by the insurers. The purposes for which the Society used the money was a matter within its discretion.

*

LORD BRIGHTMAN agreeing, said that the Law Society made the Solicitors' Indemnity Rules 1975, under section 37 of the Act. Rule 2 authorised it to take out and maintain a master policy and to issue certificates of insurance to solicitors.

Clause 1 of the master policy, read with the rules, was an agreement by insurers with the Society "on behalf of all Solicitors who are, or who are held out to the public as principals in private practice . . . and on behalf of former solicitors." Clause 1 of the certificate of insurance attached to the master policy provided: "'The Solicitor' is the person named as such in the Schedule."

The master policy was a contract between the insurers and the Society, and the certificate of insurance evidenced a contract between the insurers and the named solicitor.

A master policy contract was concluded between the Law Society and the insurers on November 18 1975. Under a commission-sharing agreement of May 11 1976, between the Society and its brokers, the Society received 40 per cent of the brokerage up to £700,000, and 30 per cent of brokerage above that figure. The sums received were used by the Law Society for the benefit of the whole profession.

The insurance scheme was statutory. It flowed from section 37 and from the Rules. It was not only for the protection of premium-payers, but also to secure that they were financially able to compensate their clients. The principal purpose of section 37 was to safeguard the lay public. In exercising the power conferred on it, the Law Society was performing a public duty, and not a private duty to premium-paying solicitors.

The nature of a public duty and remedies for its breach differed from those of a private duty. The remedies in breach of trust or equitable account were only available where a private trust had been created.

The Court of Appeal concluded that the Law Society was a trustee of the benefit of the master policy contract, and was accountable to the premium-payers for the commission received.

There was nothing in section 37 which obliged the Law Society to assume the rôle of trustee. The question was as to the Law Society's intention. That was to be ascertained from the words used in the master policy and surrounding circumstances.

The plaintiffs argued that on the facts of the present case, "on behalf of" in the master policy must be read as words of trust.

That was unacceptable. On the authorities "on behalf of" did not *express* a trust, and did not necessarily *imply* a trust. It would be surprising if a society of lawyers, who might be expected to make their intention clear, should have failed to express a trust if that was what they intended to create.

It was not necessary to imply a trust to secure the commercial viability of the indemnity scheme. The rules had the force of statute. Persons insured by the scheme would have a direct remedy against the insurers if they declined to perform an obligation.

The plaintiffs also submitted, *inter alia*, that in the absence of an *implied* trust of the master policy contract, there was a *constructive* trust of the commission received by the Law Society.

The basis of that proposition was that it would be unconscionable for the Law Society to take advantage of its statutory position so as to make a profit from premiums which it compelled solicitors to pay.

Unless the commission-sharing agreement was illegal, which was not suggested, and unless the Law Society was a trustee, which was not established, there was no legal basis for that claim.

It would be extravagant to claim that the Law Society was acting in an unconscionable manner because it had turned its unique bargaining position to account and obtained money which would otherwise have enhanced the brokers' pockets, and had applied it for the benefit of the profession as a whole.

Lord Fraser, Lord Scarman and Lord Roskill agreed. Appeal allowed.

For the Law Society: Leonard Hoffmann, QC, J. P. Phillips, QC, and Robert Walker, QC (Slaughter and May).

For the plaintiffs: J. M. Bowyer and John McDonnell (Lovell, Son and Pitfield, agents for Pethybridges, Torrington).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THE Newmarket July meeting—for many regular racegoers the most enjoyable programme of the flat season—opens today with another superb card on the Summer Course.

Ardross, now relishing some cut in the ground following the long, dry spell of early summer, returns to try to win his fifth race of the season, the Princess of Wales Stakes. Other notable performers engaged this afternoon include the Queen's Height of Fashion and those fast juveniles Widaad and Bright Crocus.

Although the 1½ miles of the Princess of Wales Stakes is Ardross's absolute minimum distance in smart company, and too sharp for him in the very highest grade races, such as the Arc, a sixth consecutive victory should prove within his capability today. The veteran, who wound up last season with a win in the Prix Royal Oak, has nothing of the highest calibre to beat. Only a much rejuvenated.

A 25-1 shock was sprung in the 1981 Cherry Hinton Stakes with the success of Travel On, but it seems doubtful if today's renewal of the Group Three event will result in a similar surprise. This time the six-furlong event on the Bunbury course appears to lie between Widaad and Bright Crocus. The first, so impressive at Sandown on her debut, duly landed Royal Ascot's Queen Mary Stakes when running on too strongly for Crime of Passion, and she will clearly make a strong bid to retain her unbeaten record.

After being beaten on her debut at Windsor Bright Crocus went on to score a quick double through a win at Newbury and a length victory over Key to the Minstrel in the Dance in Times Stakes at the last Newmarket meeting.

All in all, it could be another tremendous afternoon for the Warren Place two-year-olds for Dunbeath and Fire-Thatch can, respectively, win the Plantation and Chesterfield Stakes.

NEWMARKET

2.00—Dunbeath
2.35—Ardross
3.05—Battle Hymn
3.35—Bright Crocus***
4.10—Fire-Thatch
4.40—Avonmore Wind

CHEPSTOW

2.45—Glomach**
3.45—Diamond Shoal*

TECHNOLOGY

EDITED BY ALAN CANE

Britain is rich in hydrocarbons and has abundant reserves of coal

Need for alternative energy recedes

BY ANDREW HOLMES

THE ENERGY crisis is over. No longer do energy ministers feel it necessary to issue stern warnings that Britain will never be immune from the fluctuations of the world energy economy.

David Mellor, junior minister with responsibility for renewable energy, told a Parliamentary meeting this week that "there is no shortage of energy reserves in the UK, nor likely to be for many years."

Britain, he said, is "rich in hydrocarbons reserves," has "abundant reserves of coal" and has "the proven technology of nuclear power available to play a more significant role."

All this is true—no more or less true, however, than it has been for the last ten years. The real message in Mr Mellor's speech was that, given our rediscovered energy wealth, there is less need—if any—to develop alternative sources of energy supply. The government, in common with governments throughout the industrialised world, is emphasising the point through a cutback in funding for renewables; from an allocation of £14m last year to a ceiling of £11-12m in 1982-83. Research into several new energy sources will be downgraded, with wave research—once the brightast hope of renewables—likely to be ditched altogether next year.

Renewable energy development is being handed over to private enterprise and energy market forces.

Mr Mellor ended his speech with the hope "that British industry will take note of the opportunities" offered by alternative energy. But in the middle of recession and an oil glnt, such a risky area will seem unappealing to most companies.

Britain already has a small but well established solar industry which has managed continuing growth despite the fact that Britain, unlike most European countries, offers no financial incentives or tax concessions for installing solar equipment. The handful of UK companies manufacturing solar photovoltaic equipment for electricity generation have also gained a small share in a fast-growing world market.

But solar technology is already tried and tested. The real challenga lies in developing those technologies—wind and wava power—which have still to be fully proven, but which offer, in the short term at least, a much greater potential for electricity production.

Sir Robert McAlpine's has been involved in both wind and wave research. The company is now working on a prototype of a vertical axis wind generator, with support from the Department of Enargy, and is aiming to build a two to three megawatt version within the next three years.

If the wind power industry is to gain export sales, it must be able to offer foreign buyers equipment which has been operated and proved reliable. To do so, it needs electricity utilities at home willing to buy and use the equipment. One Scottish utility has co-operated fully in building the UK's first full-scale wind generator, a 3MW machine on Burgar Hill, Orkney. Bnt the largest utility, the Central Electricity Generating Board, has said it will buy only proven equipment, and it shocked the UK wind industry earlier this year by ordering its first wind generator from a U.S. company, Wind Turbine Generators of New York.

Export aid

UK wind companies already hava to compete with American companies like Boeing and Hamilton Standard, which have hundreds of hours operating experience. In the market for smaller machines, British concerns face competition from Danish and Swedish companies backed by domestic subsidies and export aid from their governments.

Nevertheless, Clare says, McAlpine's remains "highly optimistic" that industry will respond to the challenge. But he is equally certain that the nascent wava power industry, faced with an end to government funding, will sink without trace. The cost of putting s one megawatt wave generator to sea would be npwards of £12 million.

This is a research cost that few companies could bear. And without a tested protoytpe, no foreign buyers can be persuaded to use the technology. Short of a loan from the World Bank, Clare says, there is little likelihood of a full-scale wave prototype being built either at home or abroad.

This view is echoed by John Soper of Sea Energy Associates (SEA) a consortium incinding Ready Mix Concrete and Howard Doris which has already sunk a considerabla amount of money into developing the Clam, a device designed at Lanchester Polytechnic in Coventry.

SEA continued the project on the understanding that, if unit costs could be reduced to under 5p a kWh, the government would be prepared to fund a prototype. This target has been achieved, SEA claims, and tha company is "bitterly disappointed" that the Department of Energy has decided against further funding.

Soper adds that the chances of overseas sales have been reduced to "virtually nothing" by the Department of Energy's "negative attitude" which has undermined wave power's reputation abroad. "If the UK doesn't want the technology," he says, "there's no reason why anyone else should."

In the meantime, wave power opportunities are being eyed by a Japanese company. Fuji Electric has signed a licensing agreement to produce five 100 kw wave generators designed by Queen's University in Belfast and developed with a £250,000 grant from tha Department of Energy.

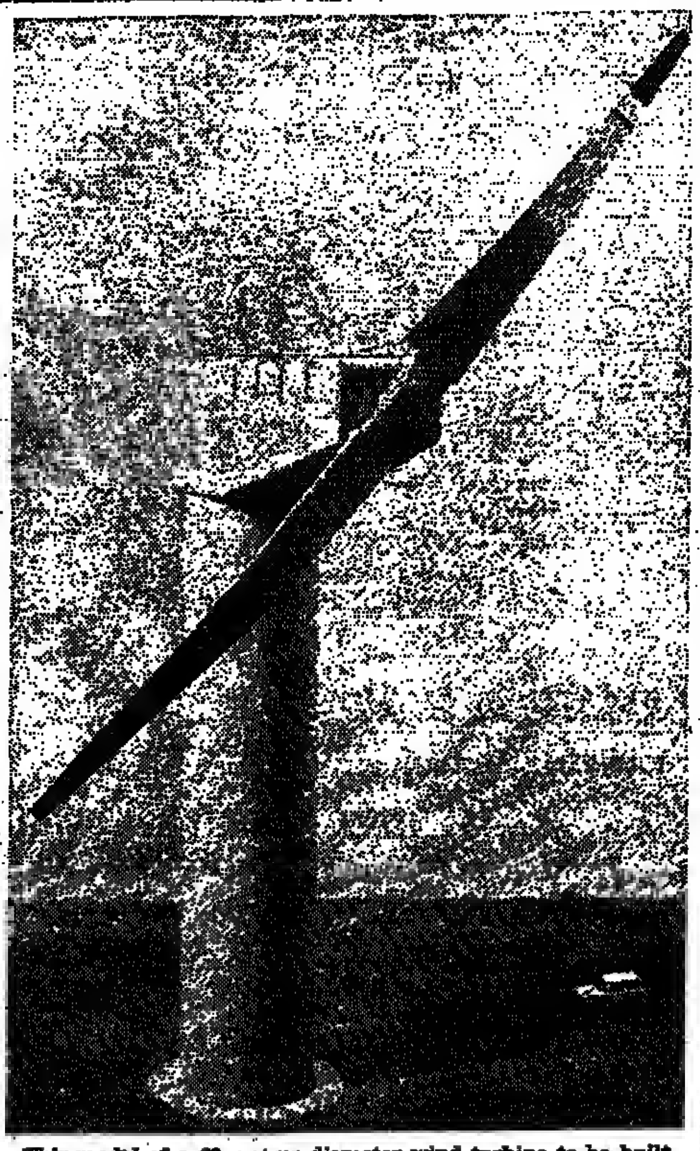
The generators, costing £30,000 each, are expected to be built by the middle of next year and will be tested in the Sea of Japan. If they are successful, Fuji is likely to take out s full commercial licence and manufacture a large-scale version.

The device, like several other UK designs, is an oscillating water column. It is fixed to the seabed. As waves pass it, there is a related movement of water in the partially flooded chamber within its structure. This movement forces air out and then sucks it back in, powering an air turbine specially designed for use in the device.

This is a Wells turbine, named after its inventor, former Queen's professor Alan Wells. It is self-rectifying and able to rotate in a continuous mode regardless of the direction of air passing through it. Queen's University licensed Japanese company Ryokuseisha in 1980 to produce self-powering navigation buoys and a prototype has been successfully tested.

The cost of electricity from the device is about 5p a kWh, uncompetitive with gas, coal or nuclear generation, but considerably cheaper than diesel generators. The ironic possibility is that tha first electricity from a UK wave device will win profits for a Japanese company.

Japan is one of the few industrialised countries still pouring money into renewable research. In Europe, only France has significantly increased its alternative research spending in the past year.



This model of a 60 metres diameter wind turbine to be built in the Orkneys for the North of Scotland Hydro Electric Board will have a power output of 3MW at a wind speed of 17 metres per second

Communications

Frequency hopping

SWEDEN is to adopt Marconi's Scimitar frequency hopping series of radio for its next generation of military radios. Production is expected to be worth more than £20m in orders to the company which competed against companies such as Racal and Plessey.

The Scimitar family was developed by Marconi for secure net communications in a wide range of environments. Its latest version can hop over all for the frequency band from 30 to 88MHz and the information transmitted is encrypted.

Pump flow

Pressure controls

THE LATEST pump from Rexroth incorporates combines pressure and flow compensated controls. The company says that the pump has a swash plate design and for open circuits can be used for mobile, machine tool and industrial applications.

It is available in three sizes with 25, 40 and 63 cubic cm displacement with a peak pressure rating of 250 bar. Further information on 0480 76041.

Military radio

Marecs satellite

THE SECOND Marecs satellite—which will provide the new global maritime communications service—is now on its way to the launching pad following tests by British Aerospace, its builder.

Marecs B is scheduled for launch on September 10 to provide the communication link between shore stations and ships sailing in Pacific waters.

Video and Film

Business in a catatonic state over statistics

BY JOHN CHITTOCK

THIS COLUMN is often savagely cut by scissors; not in the hands of some insensitive subeditor but by readers keeping an eye on the business implications of what I sometimes write. Today, I predict, more hands than usual will be reaching for the scissors because the theme is statistics—and everyone in the film, viedo, television business is currently in a catatonic state about statistics.

The top ten figures everyone wishes to know are something like as follows: how many video recorders are there in the UK, U.S., rest of the world; how many video disc players in the U.S.; what are the forecast sales for disc players in U.S. and UK; how many pre-recorded tapes sold per machine per year; ditto video discs; and trailing well behind—how many teletext TV sets in UK, and (perhaps) what are the forecasts for broadcast TV/cinema audiences over the next five years?

Answers to nearly all of these questions are available, some reliabla and a few rather suspect. To avoid further suspense, I offer the best data I have available: video recorder populations mid-1982 in UK, about 2m; in U.S., nearly 4m; rest of the world, over 16m. Video disc player population of U.S. (mid-1982), about 210,000; forecasts for disc players—cumulative population in U.S. by 1985 over 5.5m, in UK over 800,000.

Annual sales of prerecorded tapes per machine (at present) somewbere between two or three; discs, about 20 to 25. Estimated UK population of teletext TV receivers, about half-a-million. Forecasts for broadcast TV/cinema audiences—it depends entirely on who you listen to.

For those in search of statistics, that was the good news. The bad news is that since I did not personally go out and count all of those players, cassettes, discs and TV sets, I cannot vouch with certainty for any of this data—and nor, I suspect, can anyone else.

That, of course, is the problem in market research. The video recorder popnlation figures are certainly fairly reliable; but what does one do wben one UK trade body produces figures suggesting that only 1.5 prerecorded cassettes per machine are sold each year—and a leading tapa manufacturer claims it is six per year? In fact, what I do is a little old-fashioned guesswork and character assessment—hence my figure of something between two to three.

For those whose appetite for statistics remains unsatiated, there are plenty of reference sources if you know where to look. Some arrive as newsletters, and there is the never ending flow of special reports. The latest, from Euromonitor, is titled Television the New Era (price £95.00). This is largely a collection of UK statistics on television—very useful to bave at one's elbow if it contains the answers one is seeking.

But I note that of my own ten top qnestions, very few indeed are tackled—although partly because the report confines itself to the UK. My own teletext estimate is extrapolated from their figure, so I hope it is more accurate than their claim that "as many as 1.5m homes (in UK) are currenfly served by cable (TV)." In fact, the more commonly quoted figure is 2.6m—the 1.5m figure is the number served by community systems; but another 1.1m subscribers are connected via master antenna systems in blocks of flats, botels and so on.

All of which underlines the problem of semantics. In fairness to Euromonitor, it may all depend on what yon mean by cable TV. There is even confusion these days over the precisa meaning of "television"; last week's new drams award announced by Channel Four, the Royal Court Theatre and Faber and Faber is for first-time plays performed on the stage or television—but when I asked if this included video, nobody knew or had considered the point.

Nonetheless the broadcasters are, in many cases, very conscious of the differences between video and television—as witnessed last week by guests at the first birthday part of Thames Television's video company. No low profile occasion was this, with not only main board MD and directors present but TV/video stars such as Benny Hill and Eric Sykes.

Returning to the statistics, however, I must sound a note of caution about video eupboria. With tha news that the Home Video group (now joined by Mr Jack Gill) is seeking £5m from the City—and other stories like that easy to find—is the video business becoming another licence to print money?

For those careful enough to back the right projects, maybe. Bnt one of the most unnerving statistics of the year surely has been the claim, from Audits of Great Britain, that only 50 video titles have accounted for 90 per cent of all business. Good news perhaps for the copywrigbt owners of the 50 titles—and for video dnplicating companies such as Rank Phicom who last week announced negotiations for the purchase of one million blank cassettes to service next year's orders. But what about the other 4,950 titles which some estimates suggest may be the number now in circulation?

FINANCIAL TIMES SURVEY

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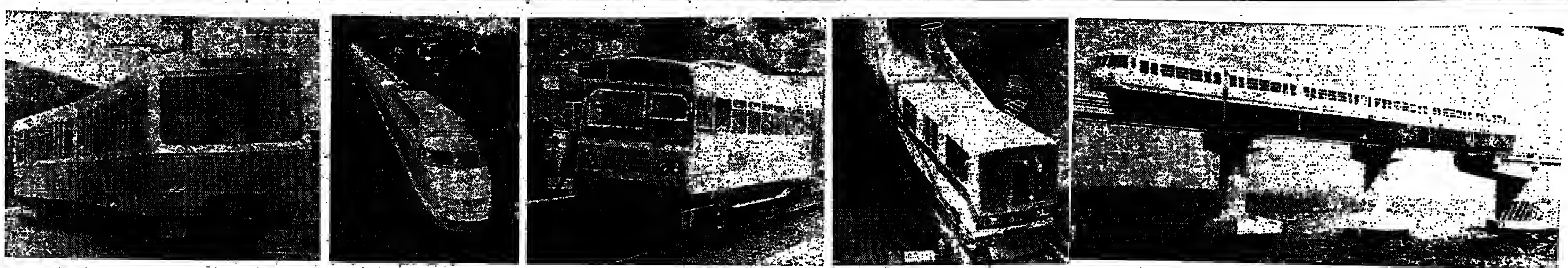

Left to right: Tyneside Metro; France's TGV (Train a Grande Vitesse); British Railbus; Japan: first computerised transport system and monorail

Advanced Transport Systems

The energy crisis and pollution have spurred fresh thinking about more economic and cleaner methods of travel. Integrated rail and bus services also help to cut down the use of cars

Public transport enters new era

BY HAZEL DUFFY
Transport Correspondent

THE ENERGY crises of the 1970s, fast-growing urban populations in developing countries, and the growing realisation in the developed world that the motor-car in its present configuration is an outmoded method of urban transport, have all combined to give a new impetus to the development of efficient and comfortable public transport systems.

At the same time, there is renewed emphasis by the manufacturers of cars and commercial vehicles to come up with solutions to meet the rising cost of energy. So far, they have had only partial success. The resources needed to meet this challenge are being found largely within the private sector. In contrast, investment in public transport systems depends to a much greater extent on the priorities accorded to transport by governments.

The impetus to improve the efficiency of public transport in the developed world has sprung largely from dissatisfaction with the limitations of the motor vehicle. Even in countries which have invested heavily in fast, modern highway systems, the need to provide alternative means of transport to meet the growing demand for passenger mobility has had to be recognised. In urban areas, the sheer difficulty of moving around towns and cities since the growth of car ownership has made the improvement of public transport systems a necessity.

The classical solution to urban transport needs, where the bus has obvious limitations, has been the Metro, technically known by the transport industry as rail and rubber-tyred rapid transit systems. There is nothing new about this solution. The London Underground started in the 1860s, closely followed by New York, and in the early years of this century, by the major European cities.

In spite of the heavy capital investment and disruption during construction which is demanded by Metro, their popularity has shown no signs of easing off in the post-war period. In fact, nearly 50 cities throughout the world opened Metros during this time, and the implementation of current plans means that they will continue to open at the rate of about two a year throughout the 1980s.

In cities which have experienced rapid population explosions, such as Mexico City and Sao Paulo, the planning of a new Metro system can supersede other transport considerations. In those European and North American towns and cities which did not previously have a Metro, they have been planned to integrate with existing railway lines, with all the advantages of modern interchanges, automated signalling, and rolling stock. In cities such as New York, Paris, and London, new lines have had to be grafted on to existing systems.

As alternatives to Metros, several relatively new concepts of transport have been introduced. The Tyne and Wear Metro in the Newcastle area is one of the most exciting examples of a light rail transit system as a solution to the needs of a city which did not need a high-cost, predominantly underground metro.

A light rail transit system is also being proposed to provide transport links for the docklands development area in East London, where it would use existing rail rights of way relinquished by British Rail.

Other systems of urban transport which are in various stages of development and use, include automated guided transit modes, which are used increasingly for short hauls; monorails and guided buses, where the West German manufacturer, Daimler Benz, has undertaken considerable research. The advantage of the latter system, which is in use on a short stretch in Essen, is that it can serve as an ordinary bus in a suburban area and then as a guided bus on a narrow right-of-way in sreas where traffic is much more concentrated. It seems unlikely, however, to provide a solution for the high volume needs of major cities.

Energy efficiency is a major advantage of most surface public transport systems over the motor car, although the benefit is much more marked in urban than longer distance transport. But the railways, have to be intent on offering passengers the advantages of speed, simplicity and comfort as an slternative to the private car, which still retains the advantage of flexibility.

If they are to succeed, railways must demonstrate that they can offer comfort, cleanliness, punctuality, at a competitive price. Electrification of railways is one method of achieving efficiency on high density routes, but considerable improvements in operating costs and passenger comfort can also be derived from the use of modern diesel multiple units. These units will continue to be the workhorses of much of the commuter and rural lines of railway networks around the world.

The race being pursued by the railways is for the prestige high-speed train which will become the basis for fast, inter-city traffic of the future. The Hikari train on the Shinkansen lines in Japan has a scheduled speed of 210 km an hour; the world speed record is held by France's new Grande Vitesse (TGV) on a specially constructed track built between Paris and Lyon; while the prototypes of Britain's Advanced Passenger Train (APT), with a top speed of 155 mph (248 km per hour), are still being tested before they can be introduced between London and Glasgow.

British Rail's very successful High Speed Trains have not been followed up with the same success with the APT, and there are fears thst it might never overcome all its technical difficulties at the sort of cost where it would be economic to bring it into service.

In the meantime, Japan, while opening two new Shinkansen lines, is working on the Maglev (magnetically levitated) vehicle technology that it believes is the train of the future. The Maglev floats 10 cm above a concrete guideway or track on an invisible cushion of electromagnetic force created by the repulsion of magnetic fields in the vehicles base and along the track. Enormous speed benefits are being forecast, Tokyo to Osaka in one hour, for instance, instead of the current 3 hours 10 minutes, while maintenance costs and noise reduction are high on the list of advantages.

Such systems require enormous capital expenditure and development costs, but they might well hold the key to the continuing attraction of railways in the future. When the problems of reaching airports from city centres are taken into consideration, the advantages over relatively short distances over air transport are substantial.

High-speed links

In the U.S., for long known as the most car and air conscious of countries, the attractions of railways are re-asserting themselves. Studies are being undertaken on the possibility of building high-speed corridors between cities such as Los Angeles/San Diego; Miami/Orlando/Tampa; and Dallas/San Antonio/Houston.

While equipment innovation and development affords substantial improvements in transport systems, sdvances in control, ticket systems and signalling which have been made possible by computerisation are also a key element in the promotion of reliable and efficient transport. Computer control of British Rail's freight network, for instance, which has been in operation for several years, enabled big advances to be made in the efficiency level at which the network operates.

Advanced signalling systems, although very costly, are an essential element in the modernisation of railways, both over and under ground. Such systems can be run with fewer staff than has been traditional in transport. Some underground trains are equipped also to run without any crew, and development work is well advanced on guided buses to permit total automation.

One of the key advantages of public transport over private cars is its superior safety record. Although the occasional major disaster is bound to happen, the accidents associated with public transport are only a fraction of those that occur on roads. The safety element is one to which all development work on advanced systems pays very close attention. The more sophisticated the control of such systems, the higher the safety factor.

New transport systems being installed around the world are mostly of a more evolutionary than revolutionary nature. The advances in high speed rail travel are more exceptional, however, and emphasise that this mode of transport, which had been regarded in some countries as too inflexible, has shown itself to have an exciting future.

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Editorial production: Arthur Dawson
Design: Philip Hunt

Car commuters switch to the Tyne Metro

THE SHOWPIECE of the UK's advanced transport systems has to be the Tyne and Wear Metro, opened by the Queen last autumn. It has given the commuters of Newcastle and Gateshead a glimpse of how modern transport systems can regenerate industrial growth.

In addition, the Tyne and Wear Metro — a light rail rapid transit system — has attracted interest from all over the world. Representatives of more than 20 countries have come to Britain to study the Metro and to see a working example of British engineering skills and technology at their best.

The 26-mile rail network linking the North and South of the River Tyne also gives the people of Tyneside the most up-to-date Metro system in the UK and the only public transport system to be fully integrated with the local bus operations.

But the Metro nearly did not come about as costs mounted and governments in the mid-70s looked for ways to cut their public sector spending by axing certain investment programmes.

The concept for a Metro system on Tyneside developed in the late Sixties as a result of the structural decline in the area's traditional heavy industries, most particularly shipbuilding. What was needed was a new rapid transport system to enable o mobile workforce to he employed in a number of new light industries.

Groundwork

The groundwork for the Metro was established by the 1968 Transport Act, which opened the way for the Government to give grants for public transport investment on the same basis as for investment in the roads.

The first specific stage in the Metro plan, however, came in 1969 with the commissioning of a land use study, the Tyne-Wear Plan. The aim of this was to produce a strategy for transport in the region which would look ahead to the mid-1980s. Options ranged from substantial investment in roads with little public transport, to a heavy injection of public funds into public transport. It was this latter option which was eventually adopted and which eventually led—in 1973—to an Act of Parliament authorising construction.

Had the plans been delayed any further, then it is doubtful if they would have gone ahead since, by 1976, the Transport Secretary (then Mr William Rodgers) was fighting for the Metro's life in the face of pressure from the International Monetary Fund for such projects to be axed. The Metro was saved, according to Mr Rodgers, because of the "fact that it is an existing project and means so much to the North East."

The Metro was developed out of the existing, although run-down, British Rail track system and the 600 local buses operated by the transport executive for the area.

Thus the new Metro upgraded some 26 miles of BR track and undertook eight miles of new construction, including underground work and a bridge over the Tyne. The original cost was put at some £65.5m at 1972 prices, but this rose to about £287m by the time it was opened last year.

The network has mada use where possible of existing routes or areas. In addition to taking over BR routes, the Metro uses a former freight line in the north-west of the area. In Byker, an inner suburb of Newcastle, a realignment of rail track has been made along an earlier route for a motorway which had been abandoned in line with the new transport policies for the area.

The Metro has become Britain's most productive rail network with a total of only 51 staff o shift to run 74 Metro-Cammel light rail train cars. Each of the 41 stations are unmanned, apart from a roving band of 10 inspectors, each covering four stations.

The first two phases for the Metro system opened in August 1980, when services started between Haymarket station, in the centre of Newcastle, and Tynemouth—via the northern loop through Jesmond.

Quicker

Four months after the opening, a study showed that the Metro was carrying some 150,000 passengers a week. Almost two-thirds said it was quicker than by other means, and 13 per cent used the Metro because it was more pleasant.

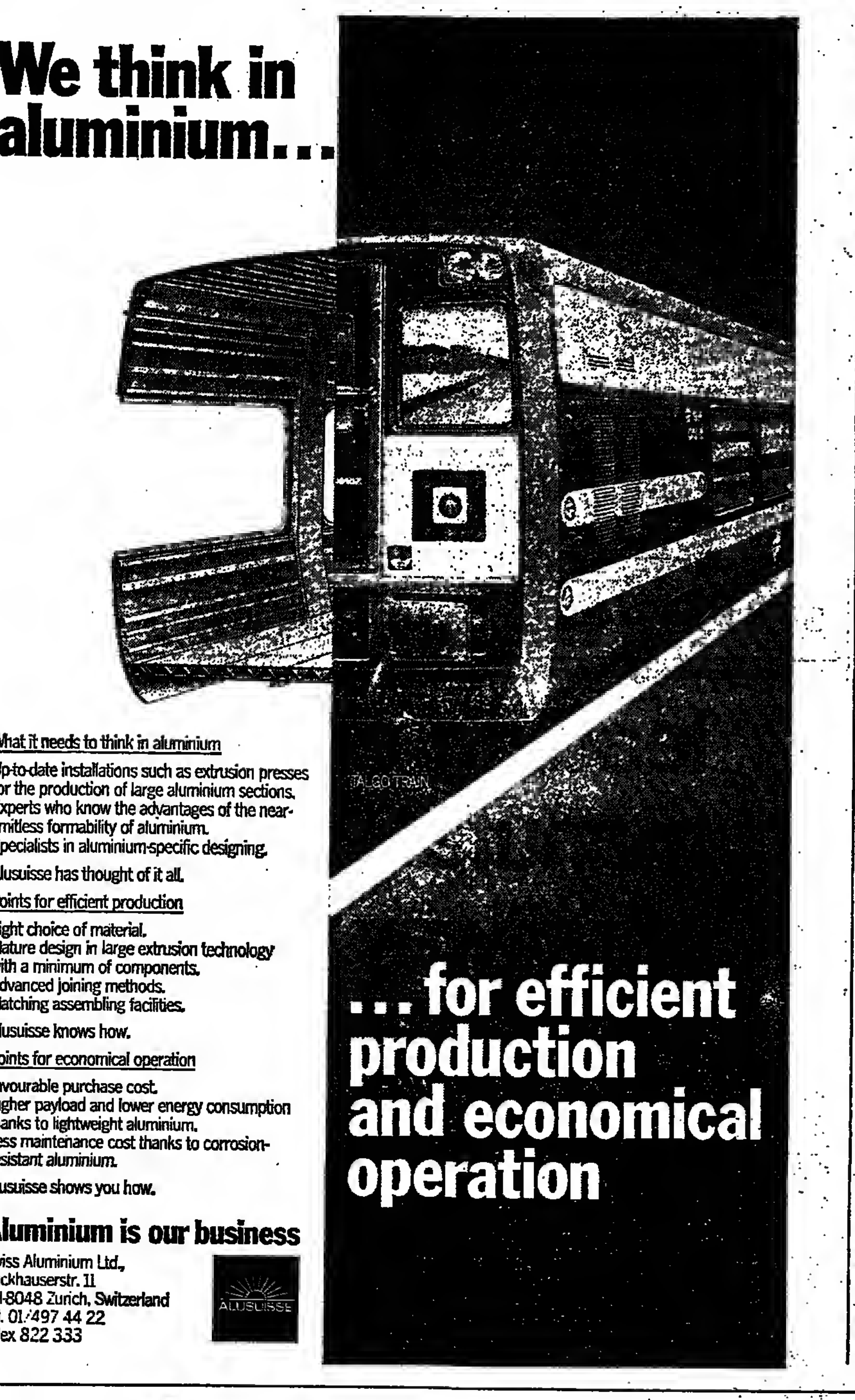
The second phase came into operation last summer, and linked Kenton Blank Foot (north east of the City on the proposed route to the airport) with Haymarket by the Regent Centre interchange, where passengers can alight from buses directly on to the station.

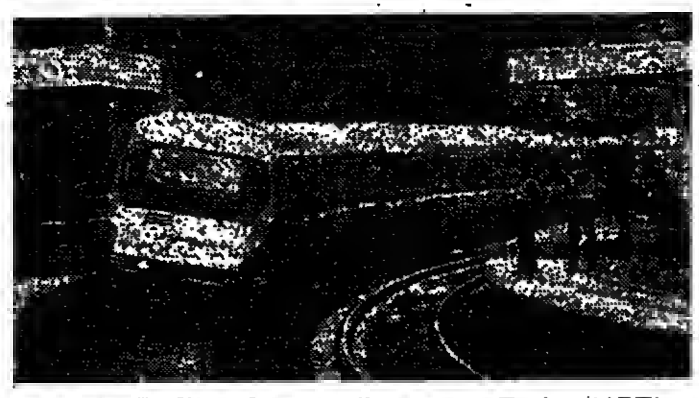
Phases three to six of the Metro have either been completed or should be in the next few years. Phase six, for example, will complete the link from Newcastle via Gateshead and Heworth to South Shields by the mid-1980s.

The Metro "supertrams" are expected to carry some 40m passengers a year by 1983. There are no station staff for the 41 stations. All tickets are issued by machine. The tickets are also valid for the local buses, which account for 40 per cent of all passenger journeys a year in the region.

More than 10m passengers heve used the Metro system since it first came into operation. Surveys show that some 11 per cent of private motorists have switched to the Metro for commuting—a trend that is already beginning to justify the expenditure on Britain's most advanced rapid urban transport system.

David Churchill





British Rail's Advanced Passenger Train (APT) shows off its famous tilting curve

Smoothing out the ride on the APT

BRITAIN'S 155 mph Advanced Passenger Train (APT) was o brave attempt at bringing high speed rail travel into being without needing heavy investment in special track. The concept, howaver, is quite different to that developed by British Rail for the successful High Speed Train (HST) and BR designers and development engineers have come up against numerous problems which have prevented the train being introduced into regular service so far.

The unusual feature of the APT is its tilt mechanism, which should enable the train to take corners between 20 and 40 per cent faster than conventional trains, but it has also proved the most challenging technical problem which has yet to be solved. BR explains that the train's sensing system, which detects bends and tilts the train to take them at high speed, "occasionally blocks, fails and locks in position." The effects on some passengers have been far from comfortable, and quite clearly BR has to overcome this if the train is to meet with passenger acceptability.

Full tilt

More seriously, if the mechanism failed and locked when a carriage was in full tilt, it went into an opposite curve and could encounter a fully tilted carriage in the other direction on some stretches of the track. Although the most serious worry of both trains lurching towards each other at a particular point was ruled out on the London-Glasgow route because the two tracks never come that close together, the problems encountered with tilting have been one of the biggest factors in holding up the implementation of the APT into service, although the engineers working on the APT say that "nuts and bolts" problems have been the most serious delaying factors.

Certain engineering features of the APT have been dropped, since BR's attempt to bring it into service last December. The decision not to run the APT at speeds above 125 mph says BR has made the hydrokinetic braking system unnecessary. Other medifications are expected to include the abandonment of the shared bogies, which have proved inflexible when one coach needs to be taken out of service. These coaches will be replaced with self-steering characteristics to ensure a smooth ride.

The development of the APT to the stage where it is ready to be put into commercial service has been held up by a variety of factors, not least of which is money. While French Railways spent more than £800m on the new TGV passenger train, requiring specialist double track between Paris and Lyon, the APT programme has cost probably less than a quarter of this amount. The cynics, however, might say that the TGV is working, and the APT so far is not.

If BR can finally get the problems sorted out, however, the APT could clearly present a challenge to the much longer established Japanese high speed trains and the much more recent French solution. The use of lightweight aluminium in the construction of the APT and the emphasis that has been put on fuel-saving techniques means that the cost of running the APT is substantially less thon its competitors, while the capital cost — without the special track required by the TGV — is very much less.

Before the APT can be seen as acceptable in world markets, it must first prove itself on its home ground. Given the financial constraints within which BR is having to operate, this could be some time yet. Not until the APT is technically possed will BR ask the Government to sanction investment in a fleet of APTs.

H.D.

Automated computer-controlled vehicles may help to overcome traffic congestion

Improving the bus service

INCREASING TRAFFIC congestion in cities over the past few years has demoted the role of the bus as a means of efficient public transport. Nevertheless, the bus has an important role to play, both as a prime mode of transport in city centres and as feeders to metro and commuter lines in suburban areas.

But manufacturers are increasingly addressing themselves to the problems of minimising the pollution and energy consumption associated with buses, while developing vehicles which can accommodate passenger volume levels required at peak periods. More advanced systems involving automated, computer-controlled vehicles are in limited use in Japan and France.

In West Germany, development work is progressing on guided buses as part of the "O-Bahn" system patented by Daimler-Benz which can double up as vehicle trains where necessary. A limited section of the system is in use in Essen, and has been ordered by the Regensburg transport authorities. A longer stretch of the system is to be built in Adelaide, south Australia. In the UK, a magnetic levitation system is being built for the more specialised needs of an airport (Birmingham), aod similar systems are being developed in several other countries.

It will only be in the testing of these advanced systems in predominantly urban conditions that the success ratio will be proven. The needs of most transport authorities and bus operators, however, will continue to be met by more traditional buses, although technical advances to make these more efficient and more comfortable are being undertaken.

Labour costs are a very significant element in the total cost of transport operations. This consideration has led to the widespread introduction of buses which are suitable for one-man operation; incorporating in some cases closed circuit television to enable the driver to oversee payment of fares, control of doors at the middle and rear of the bus, etc. The increasing acceptance of articulated buses reflects the need for high volume transport which can be operated by a single operator.

The articulated bus is used extensively in certain European countries and in the U.S. Manufacturers include Magirus-Deutz, which introduced a vehicle two years ago that can accommodate up to 172 passengers; MAN, the West German company which has opened a plant in the U.S. to make articulated buses for that market; Volvo, the Swedish group, which also offers transport planning and consultancy services; and Daimler-Benz.

Double-decker buses retain their popularity in some cities, although they have not proved suitable in all cases. In the UK, where double-decker buses are widely used in London and other cities, Leyland introduced the Titan integrally constructed, rear engined bus, which was seen as a big step forward in providing o low maintenance vehicle thot offers a high degree of passenger comfort. It was designed initially with London Transport as the major customer, but Leyland is now producing export models.

Metrobus

Metro-Cammell Weymann is the other major UK manufacturer of buses, the Metrobus being in direct competition with the Titan. The Metrobus was designed to comply with all current and foreshadowed EEC legislation on such considerations as pollution, noise, braking performance, safety, ease of passenger access, etc.

The bus offers a good deal of flexibility to the traveller, and requires much less capital outlay than other modes of urban transport. A major drawback to the efficient operation of buses, however, arises from the difficulties of keeping to schedules when city streets become increasingly congested at peak times. Some help can be gained from the designation of hus lanes, and more precisely by putting the bus on guided tracks. In addition, the growing sophistication of control systems which permit contact with the driver have led to improvements.

In other situations, for instance, at airports, the bus offers the most convenient method of transporting travellers without the expense of specially constructed conveyors or transporters.

Hazel Duffy

Munich goes for integration

THE MUNICH urban transport system has earned a reputation as one of the most efficient and well-planned in Europe. The city's transport consisted of rail commuter lines, streetcars, and buses; the staging of the Olympic Games in Munich provided the spur to create a modern, integrated system which was designed for the needs of a growing urban population.

The U-Bahn, designed to provide the connection between the two railway stations and a north-south link, is the core of the system. It provides modern interchanges for commuters arriving from outside the city by train, or by the S-Bahn light rail network which was finished last year. The buses, all single-decker one-man operations, feed into the U-Bahn and S-Bahn stations, and passengers use the same ticketing system for all modes.

Stations have been designed to include shops in the entrance precincts, and the stations themselves operate with a minimum of personnel. There is no collection of tickets, fare evasion being checked by inspectors on the trains on a random basis. At central U-Bahn stations, separate platforms are used for passengers disembarking and embarking on trains.

Munich provides a good example of the advantages with which a well-planned system is endowed. It demonstrates the benefits of a new system, using modern rolling stock and a signalling system which allows continuous automatic control of trains. The organisation of the system and its operation are in separate hands, leaving the MVV—Munchener Verkehrs-und Tarifverbund—to organise the supply of transport, routes, tariffs, timetables, while the day-to-day operation is with German Federal Railways and the City of Munich. This permits planning in line with the needs of the city and its surrounding areas.

H.D.

Driverless train comes to Lille

The metro system currently on public trial in Lille is claimed to be the first of its kind destined for use in a major urban centre to be run with neither driver nor conductor—and is in any case the first driverless train to be seen in Europe.

This ghost-train is at the moment open for three days a week, for free, between four stations covering two miles at the eastern end of the line. Running on rubber tyres on a concrete track, and costing (so it is hoped) a little less than the equivalent of £200m, Lille's first metro line is due to be opened commercially next March, with the full eight-mile track—a wavy arc running through the city centre, part underground, part ground-level, part overground—completed by the end of 1983.

The authorities are counting on its being used for 20m passenger journeys a year.

Lille becomes the third French city outside Paris to have its metro, after Marseilles and Lyons. All are different. In Lyons they made the metro extra-wide and luxurious. In Lille they are making it light and narrow, in a bid to reduce both cost and disturbance factors.

The VAL (Light Automatic Vehicle) system — France's answer to automatic systems already developed in the U.S. and Japan—is the first metro venture by Matra, the arms and electronics group, which is also a 50 per cent partner in the operating company.

It adds to the range of French expertise in this field, which has already brought a series of overseas contracts. Sofretu, export arm of the Paris RATP transport authority, has been involved in metro projects in Atlanta, Caracas, Rio de Janeiro and, with less luck, in Tehran. It is currently working in Mexico and contracts have recently been signed for Cairo and Algiers.

"For us," Matra says with relation to the VAL, "it is capital to be able to export it." The main hopes are pinned on the U.S., where cities such as Los Angeles and Detroit have shown interest; but Matra says it has also been talking in the UK.

Well-proven ideas

Clients are likely to hold back, however, until the Lille system can be seen in full operation. The manufacturers emphasise that it is really just a combination of well-proven ideas and is not really revolutionary.

The basic principle is to have a succession of short and frequent trains. The trains, with 55 per cent seating capacity, are just two carriages long, a total 26 metres in length, 2 metres wide and 3.25 metres high—rather like articulated trams. They run on pivoting axles rather than bogeys. The track is made of prefabricated concrete, with the electrical supply coming from lateral guide-bars.

Normal top speed is 37 mph but the trains can go up to 50. The track is divided into sections; each train entering a section automatically stops the next train from going in.

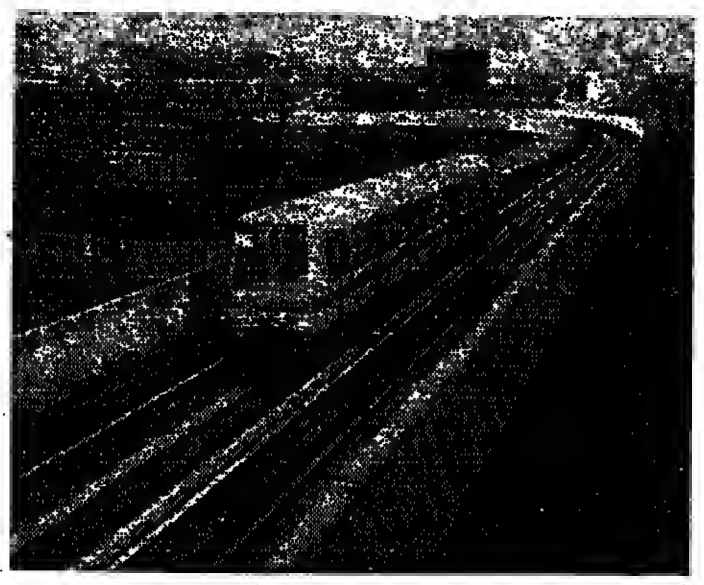
Stations are equipped with television cameras — all linked to the central control post, the hub of the electronic operation.

The system is claimed to bring substantial energy savings against other metros.

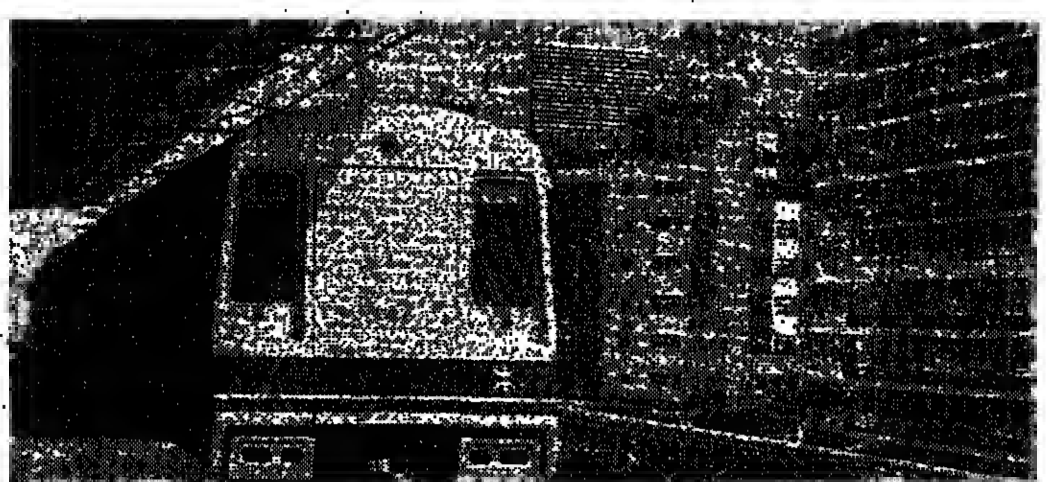
Lille has been able to meet the investment cost thanks partly to a state subsidy, plus special loans. About 20 per cent of the cost comes out of the transport levy which Lille employers have to pay.

The project has had numerous opponents—mainly on the grounds that the money could have been better spent. But surveys carried out during the first weeks of public trials show a large degree of public satisfaction, even if some passengers are a little worried that nobody is driving.

David White



The Val system on the Lille Metro



Hong Kong's Mass Transit Railway pulling into a station. The system is now two thirds complete

How Hong Kong's MTR found private backing

TWO-THIRDS of Hong Kong's 5.2m population live and work in 40 square kilometres around Victoria harbour, the highest-density population zone in the world.

Traffic jams are the rule rather than the exception. The Hong Kong police only issue congestion warnings when traffic speeds fall to two or three mph—a leisurely walking pace. Yet on bad days, up to 50 such warnings may be issued. Even now, less than one in five Hong Kong households have access to a car. As the Transport Secretary Mr Alan Scott recently remarked, compare that with Britain's 60 per cent household car access, and the implications are "unthinkable."

That situation above ground helps to explain why the Hong Kong Government has been willing to commit itself to the construction of a Mass transit railway below ground, now two-thirds complete and with HK$ 4.7bn of government equity backing. Other forms of public transport—trams, buses, ferries,—are privately-owned.

Caution in funding

The Government is cautious with public-sector funds, and the MTR caused much heart-searching through its planning stages. It was originally proposed in a general transport planning study published in 1967, and had to survive vigorous criticism at senior levels before the system finally opened in 1979. But survive it did, and it provides one million passengers each working day with a welcome alternative to the bumper-to-bumper traffic above ground.

The two sections of the MTR so far completed are the original "modified initial system" and the Tsuen Wan extension. The MIS starts in Central district on Hong Kong Island, goes under the harbour to the southern tip of Kowloon and then snakes eastwards to Kwun Tong. The Tseun Wan extension runs from Tsuen Wan in north-west Kowloon to join the MIS at the southern tip of Kowloon and then on to Central.

Tha Tsuen Wan extension—10.5 kilometres long—was opened in May this year, six months ahead of schedule and within its HK$4.1bn budget. The third leg of the system, the Island Line, is now under construction. The projected cost of this 12.5 km line is HK$11bn, and it will run along the north shore of Hong Kong Island itself, connecting Central with such high density residential zones as Causeway Bay and North Point.

The road corridor beneath which the Island Line will run is one of Hong Kong's most notoriously congested routes, with surface passengers sometimes finding their journeys into the business district taking an hour or more.

Further extensions to the line are under consideration. The MIS may be extended beyond Kwun Tong to a potential new town at Junk Bay and preliminary ideas are being floated of a new cross-harbour line at East Kowloon.

The system has been vested in a Mass Transit Railway Corporation, set up in September 1975 and chaired by Mr Norman Thompson. While all the MTR's equity backing comes from the Government, it has gone into partnership with the private sector to finance construction of sections of the system.

Where construction of a new station will yield an attractive potential commercial development above ground—in practice at a few of the mainland stations and all of the Island Line ones—property companies have been invited to tender for joint venture participation with the MTRC. The private partner builds the MTR station as an integral part of his overall development, pays for the whole project, and then splits with the MTRC profits arising from the commercial element of the development.

The arrangement may sound a little lop-sided, but Hong Kong's high property prices have made such schemes attractive to the private sector even though they must carry the cost of building the station. In particular, the arrangement has so attracted one local property, Hang Lung, that it is leading consortia which have snapped up all nine of the Island Line developments so far let.

The commitment of the Hang Lung consortia is a massive HK$ 10bn, of which the company's own attributable share is roughly one-third. Hang Lung's financial appetite raised eyebrows in Hong Kong as it won site after site. Since those tenders were made, there have been muttering among rival property developers that the nature and timetabling of Hang Lung's commitmants hava proved more favourable than other bidders bad expected.

The MTRC, however, has been at pains to point out that the tendering and timetabling have been procedurally correct, and Hang Lung remains delighted with its coup despite a downturn in the Hong Kong property market which has made new developments in general a less attractive prospect.

Cash surplus

Financially, the MTR made a net loss of HK$491m in 1981, slightly less than its HK$ 504m loss in 1980. But chairman Mr Thompson reported when the Tsuen Wan line opened that the MIS had yielded a cash surplus in recent months, and be hoped the two lines together would be at least breaking even in 1984.

Riding the MTR is a pleasant experience, particularly to travellers accustomed to the squalor and delays of London, and the squalor and violence of New York. Journey times are swift, fares are low. The average weekday fare at the end of 1981 was HK$ 1.86. Fares had risen 20 per cent in May 1981, but the MTRC has been promoting the use of discounted stored value tickets, whereby the turnstile reads a magnetic strip on the back of the ticket, subtracts the cost of the journey and returns the ticket. The Metro Cammell rolling stock is quiet and clean.

Government exposure to the MTR includes not only the HK$ 4.7bn equity injection, but also debt guarantees forecast to reach HK$ 6.8bn in 1986. The Government's fiscal reserves at the beginning of the current financial year were HK$ 23bn. But much as accelerated public housing was identified as Hong Kong's pressing need in the early 1970s, so transport threatens to be the critical social provision for the current decade. As a result, though the MTR may have had a controversial birth, its early years are proving its worth.

Robert Cottrell

France's TGV plays it straight

FRANCE'S pride and joy, the sleek oranga TGV, has been in regular service from the Gare de Lyon for almost a year, time enough for the queasier kind of passenger to get used to the sensation of soft suspension and 160 mph travel.

Tha French adopted much the same approach to the high-speed train as Baron Haussmann did in the last century when he drove boulevards through Paris. No messing around with sophisticated tilt mechanisms; they solved the problem of bends by building a line without one.

The special TGV track, as straight as it could be without cutting through the best vineyards on the way, will lop 56 miles off tha Paris-Lyons run when the last sections are finished.

The TGV set up a world rail speed record of 235 mph in February last year and was inaugurated by President Mitterrand in September, five years after the start of work.

From the early 1960s the French toyed with various high-speed projects, including a futuristic air-cushion design, but in the end opted for a more classical train.

With fares the same as on ordinary services—but for compulsory seat reservation, for which automatic machines are provided—the TGV is run on the lines of an inter-city air shuttle, a resemblance which goes as far as meals on trolleys served by hostesses.

The trains, built by Alsthom-Atlantique in collaboration with other French companies, each have two locomotives, five second-class and three first-class carriages, with an innovative bogey system linking the coaches. The high speeds required welded rails (except at viaducts), linkages between the two tracks to allow a train to pass at speed from one to the other, an electronic system of dashboard signals, and even a special evacuation system for the toilets.

So far 55 trains are in service and another 42 have been ordered; Alsthom is putting them out at the rate of two a month.

Overall, the Paris-Lyon TGV has cost some FFr 10bn or £850m, but the SNCF rail authority reckons it would in any case have had to spend a quarter of that sum on renewing existing stock.

Passenger traffic between the two cities—the densest rail route in France—has doubled to 14,000 a day since the TGV started. SNCF surveys suggest that 5,000 are "new" passengers, including 1,000 who previously travelled by air.

Travel time, which used to be 3 hours 50 minutes, has been cut to 2 hours 40 minntes and will be down to 2 hours by the end of next year when tha special track is completed. TGV services go on past Lyons to St Etienne and branch off by way of Dijon to Besancon and Geneva. The introduction of summer timetables in May brought the TGV to Montpelier and Marseilles.

But not everyone is happy. M Gaston Defferre, Interior Minister and mayor of Marseilles, has complained about getting a "discount TGV." The reservation system tests some people's patience and on ordinary track the trains cannot go much above 100 mph without severe rolling.

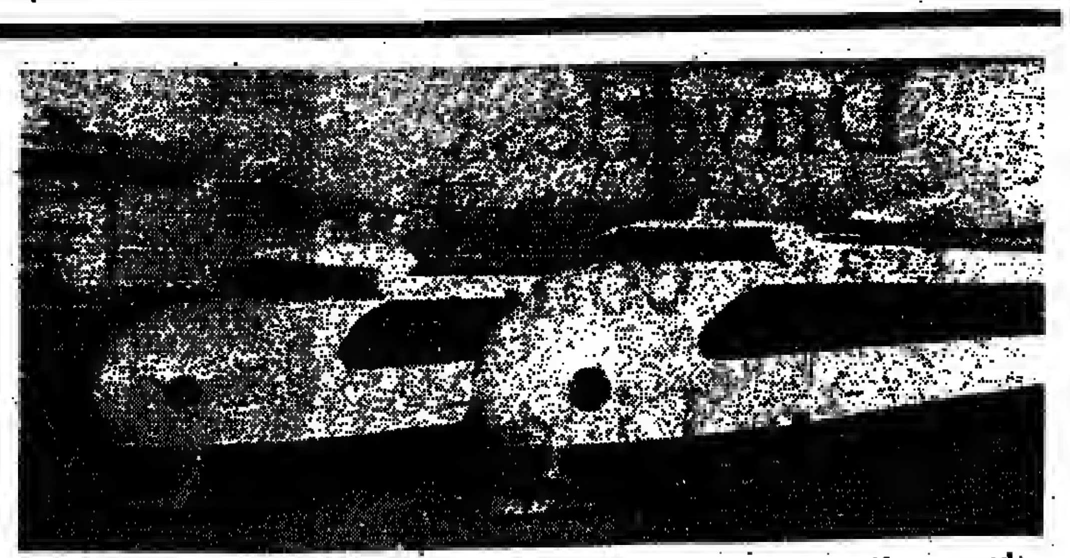
A second TGV line is already in the planning stage, starting from the Gare de Montparnasse and forking near Chartres to Le Mans and Tours. The northern arm of the "Y" would lead on towards Brittany, the southern arm to Bordeaux.

M Charles Fiterman, the Transport Minister, who is an enthusiast of the "return of the train," is already talking about a possible Paris-Brussels-Cologne link-up. Two export hopes have also been mentioned —in Brazil, linking Rio de Janeiro and San Paulo, and in South Korea, linking Seoul and Pusan. But for the French rail industry the TGV is more of a prestige symbol than a sales prospect.

D.W.

After the super-express, the magnetically-levitated train which can travel at 517 kph

Japan speeds into the 21st century



The newly-completed bullet train for the Tohoku Shinkansen line (foreground) shown with the conventional bullet train

WHEN JAPAN's Prime Minister Zenko Suzuki attended the recent Versailles Summit he was invited by France's President Francois Mitterrand to take a ride on the French Train a Grand Vitesse (TGV). Mr Suzuki travelled at 260 khp and said it was an interesting experience.

Japan's Shinkansen super-express trains, which opened the era of high-speed rail travel 20 years ago, still run at 210 kph. M Mitterrand declined to ride on the Japanese Shinkansen when he visited Japan earlier this year. But the Shinkansen trains expect to increase their speed to 260 kph within this year on the two new lines which have been completed between Tokyo and the northern Japanese cities of Morioka and Niigata.

In the future is the Maglev (magnetically levitated) train, which has already reached a record speed of 517 kph in tests. Japan National Railways (JNR) has spent nearly Y20bn ($80m) on the project, which is being tested on a 7 km track in Miyazaki, Kyushu Island.

The Maglev floats 10 cm (4½ in) above a coocrete guideway or track on a cushion of electromagnetic force created by the repulsion of magnetic fields in the vebicle base and along the track.

Replacement

The Maglev is considered the 21st century replacement for the Shinkansen. For instance, it could make the Tokyo-Osaka run in an hour compared to the present 3 hours aod 10 minutes. The Maglev would cut maintenance costa, travel faster with greater safety aod provide rednction in noise—one of JNR's biggest headaches in noise-pollution conscious Japan.

JNR engineers estimate it will take another eight to 10 years to put the Maglevs into service oo the major trunk lines. Eveotually they predict that unmaooed Maglev goods trains will run during the night, providing Japan with the world's fastest freight service; manned passenger trains will use the facilities during the day.

On the hack burner is another high-speed transport system—Japan Air Lines (JAL) linear motorcar service. JAL had hoped to launch the service between Tokyo and the New Tokyo International Airport to Narita, and also between Chitose Airport and Sapporo, the capital of Tokkaido.

JAL has already spent years on this project for a linear motorcar called the High-Speed Surface Transport (HSST). The airline projected expenditure of Y30bn ($120m) to inaugurate this service in three years but the project has hit a snag because the natioo's major industries refuse to co-operate with JAL.

Experts charge that the JAL project is "defective" in trying to float and gulde an HSST with a single set of magnets. They contend that two different systems should be employed for the two different purposes. They also believe that an HSST would not be able to negotiate the curves which are nnavoidable in constructing a commercial line.

A model HSST car has already attained a speed of 300 kph with the help of rockets but it runs only on a straight line.

Another bright spot in the future for the JNR is the programme to provide knowhow to the U.S. for a high-speed railway system for Amtrak. There are reports that Amtrak has formed a new company to develop e $2bn programme for high-speed passenger aervice in a number of urban corridors.

Among the possible routes are Los Aogeles/San Diego (California), Miami/Orlanda/Tampa (Florida), and Dallas/San Antonio/Houston (Texas). Others are Chicago-Detroit (Michigao), New York-Buffalo (New York), Seattle-Fortland (Oregon). These routes have heen chosen by the U.S. Transportation Departmeot as part of its Corridor Improvement Project and Railroad Revitalisation Regulatory Reform Act.

The Tokaido Shinkansen began service betwaen Tokyo and Osaka on October 1, 1964. The Sanyo Shinkaosen was extended to Okayama on March 15, 1972, and to Hakata, Kyusbu, on March 10, 1975. These high-speed trains travel the 1,069 km between Tokyo and Hakata in less than 7 hours.

Service started on tha Toboku Shinkansen oo June 23 this year. There are 10 trains operating in each direction at preseot, with four additiooal trains to be added in July. A full schedule of 30 trains a day is planned from November.

On the Joetsu Shinkansen, 21 trains are to run each way each day from tha opening date in November. Additional trains between Omiya and Ueno on the existing line will provide direct connections for the northern Japan lines.

Using these connecting trains to Omiya, it will take four hours from Ueno to Morioka on the Tohoku Shinkansen, two bours 20 mioutes shorter than the conventional line, and two hours 30 minutes from Ueno to Niigata in the Joetsu Shinkansen, where the time is four hours 10 minotes now on the conventional lines.

The northern Shinkaosen lines cannot operate directly into Ueno Station, Tokyo, because of the opposition of property owners along the right-of-way. For this reason tha connecting aervice is needed. When the train operates directly between Tokyo and Morioka the service will be even faster.

Construction is underway for the Narita Shinkansen between Tokyo and New Tokyo International Airport. There are detailed plans for five other Shinkaosen lines and a general survey bas already been completed. Preliminary surveys have been completed for 12 other lines linking Houshu Island with Hokkaido Island and Shikoku Island.

These newest Tohoku and Joetsu Shinkansen lines pass through heavy winter snow country with depths sometimes reaching four metres. Thia has required special measures. Tracks hetwaen tunnels in the mountainous areas are all sheltered to protect them from being blocked by beavy snowfalls. On viaducts in open country an automatic snow melting system operates which automatically detects a snowfall and sprays water to melt the snow before it piles up on the track.

Long tunnels

On the Joetsu Shinkansen, which passes through mountains that separate Honsku Island's Pacific and Japan Sea coasts, advanced tunnelling technology was used to bore long tunnels. Between Takasaki-Nagaoka there are 106 km of tunnals oo the 137 km length. The Diashimizu Tunnel, 22,228 metres long, is the longest in the world and took five years to complete.

Earthquake sensors are also installed at substations along the new lines. These stop trains automatically in case of strong tremors. In addition on the Tohoku Shinkansen, detectors are installed at eight places along the Pacific coast, 40 to 100 km away from the track. Warnings from these detectors reduce train speeds before shock waves can approach from any undersea earthquake.

There is a Tohoku-Joetsu Control Centre in Tokyo Station, alongside the Tokaido/Sanyo Control Centre, with eight groups of dispatchers—train, railcar, track maintenance, electric power, passenger information — and three groups responsible for signalling communications and operations systems.

The ATC (automatic train control) aets a maximum limit on the speed of each train depending on location of the preceding train and other factors related to operational safety. The maximum permitted speed is displayed in the motorcar cab and the ATC will slow the train antomatically if the actual speed exceeds the one stipulated.

The CTC (centralised traffic control) determines the route that the train will use in a station by remote control from the Gontrol Centre in Tokyo.

CONTRACT (computer-aided traffic control) utilises computers in combination with the CTC to adjust train movements, control train routes and prepare revised train schedules if service is disrupted.

Despite all this, JNR is a financial disaster. It carried 6.8hn passengers in 1980 and had operating revenues of Y1,963.7bn ($7.85bn) and expenses of Y3,964bn ($15.8bn) for a loss of Y1,000bn ($4bo), of which Y640m ($2.5m) occurred in freight operations alone. In fact JNR has not turned in a profit since 1964 and has an accumulated deficit of Y16,000bn ($64bn).

Much of JNR's problems come from the local feeder lines that account for 10,000 km of track and 4.5 per cent of JNR's passenger volume. On many of these lines, which were constructed at the behest of local politicians, it costs the JNR Y1,000 for every Y100 of revenue it receives. JNR has 175 such lines which it would like to abolish an replace with buses.

The JNR has also become a featherbedder's paradise. It haa 408,500 employees which JNR hopes to reduce to 350,000 by 1985, mainly through natural wastage. The JNR pension fund already has 300,000 retired staff: last year retirement allowances and annuities accounted for a third of JNR's total deficit.

JNR lines in the metropolitao area of Tokyo and Osaka are among the few moneymakers the railroad has along with the Shinkansen lines.

Despite all its headaches JNR is opening new Shinkansen lines. It also intends to upgrade the present Tokaido/Sanyo Shinkansen line over the next three years for the first time since it opened in 1964. The facelift will result in roomier cars, increased speed of 260 kph and some double-decker cars with buffet and dining services on the lower level and panoramic sightseeing on the upper.

John Fuji

Electric vehicles search for bigger boost

TAKING A very long-term view—and that probably means half-way through the 21st century at least—it might be difficult not to concinde that the only road vehicles which bave a future are electrically-powered ones.

Despite tha recent short-lived glut, the oil resource is finite. How far it can be eked out and the onset of severe shortage and rocketing prices postponed remains a matter of debate. Thirty years is no longer regarded as wishful thinking.

Shortage will in any case he further postponed by the use of alternative fuels, made from coal and vegetable matter among other materials, the higher production costs of which in present-day terms will be offset as conventional oil reserves diminish. But come it will.

Nuclear-generated electricity, expensive and *bête noir* of the environmentalists, is not finite in the same degree. The problems of radioactive waste storage and recycling will certainly come to ba viewed with less hostility as conventional energy reserves diminish. Nuclear fusion, the as-yet untameable process by which the sun renews itself, holds out the ultimate prospect of effectively limitless electrical power.

Taking all these factors into account, it could be regarded that a world on almost silent, pollution-free wbeels is not just inevitable but desirable. The trouble is, the gulf between the vision and the first steps now being taken towarda the goal is enormous.

The view in some parts of the motor industry is that it may never be bridged, at least in terms of electric vehicles heing capable of the same range and performance as present-day internal combustion vehicles.

The sheer scale of the problems is apparent, almost irrespective of what aspects of electric vehicles are considered:

● Some 450 lb of lead acid batteries are needed to provide the energy content of just one litre of petrol. With a bit of luck, some of the new generation of "super-batteries" using couples such as sodium-sulpbur and nickel-zinc or nickel-iron, will be able to reduce that 450 lb to 150 lb.

● It would require a medium-sized power station to transfer, in the same period of time, the amount of energy that is dispensed into the average car's petrol in abont one minute by the common or garden forecourt pump—even if batteries were able to absorb that rate of intake.

● It is just about possible, using lead acid batteries, to restore them to full charge from 80 per cent drain in 30 minutes or a little more—at some risk of reducing battery life. Eight bours of overnight charging, using cheap off-peak electricity, is the norm.

● Fully charged, vehicles already in production can travel about 50 miles at maximum speeds—for the quicker ones—of up to 50 miles per bour.

Even if this were widely acceptable, the problems of providing an infrastructure for recharging a significant electric vehicle population are daunting.

Not least, there is the problem of cost: electric vehicles are ahont twice as expensive as their internal combustion-engined connterparts, even though most use the same body panels, chassis and fittings as existing vehicles.

Yet within the past seven months, two of the UK's volume motor manufacturers have announced electric vehicles:

Karrier Motors, the truck arm of Talbot, became the first maker anywbere to atart building electric trucks for sale on its normal assembly lines, albeit in very limited volumes. In April, Leyland Vehicles unveiled its Electric Terrier medium-weight truck, which will aoon go into limited production. Most recently, Freight Rover, the BL vans subsidiary, last month took the wraps off its electric Sherpa.

Bedford bas bad a fleet of electric-powered CF vans running for several years, along with prototypes from other manufacturers including Crompton Electric, a Hawker Siddeley subsidiary specialising in electric vehicles.

The reason for all this activity, despite all the manifest problems, is that the first glimmerings of a market, even though a specialised one, are beginning to appear.

Short-haul

Leyland Vehicles estimates that by the end of tha decade perhaps one in five of trucks between 5½ and 7½ tons gross weight could be electrically powered. This is because of the way in which they would be used: as short-haul delivery vehicles within towns and cities. Trials in the UK and other countries have already established that the majority of such vehicles have fixed daily routes within the range of present batteries. Their return to the depot in the evening for overnight charging thus present no major restriction oo operating requirements.

The same applies to medium and light vans. Much progress bas certainly been mada in terms of making electric vehicles (EVs) capable of keeping up with the average traffic flow.

In unit terms, Leyland Vehicles estimates that the 5½-7½ ton electric market may reach 1,000 a year by tha late-1980s. It is also laying plans for vehicles up to 9.5 tons if demand warrants.

Yet present prodnction levela, to put it mildly, are modest. Karrier bas heen aiming for 20 a month of its Dodge 50 truck-based vehicle. Leyland's Electric Terrier will be built initially in smaller volumes than that. Freight Rover is huilding only 20 electric Sbarpas, at least for the moment. Only if trials prove satisfactory is it prepared to think about voluma production.

It all comes back to cost. All the vehicles are twice as expensive to huy as the conventional ones on whicb they are hased. Evan that price includes an indirect Department of Industry subsidiary aimed at promoting EV research—of ahout £4,000 in the case of the electric Dodge.

The manufacturers have to convince operators that "whole life" costs—covering purchase, running, maintenance and depreciation—can be competitive. The greater mechanical simplicity of the electric, its low direct fuel costs of about 2p worth of electricity per mile and greater durability have already belped demonstrate that this is achievable, wben subsidies are taken into account. But the subsidy element clearly must be removed.

Leyland Vehicles aims to bring the cost of its commercial down to 20-30 per cent above the conventiooal model, excluding hatteries, which would cost £5,500. It believes hattery leasing is the sensible answer and that even minor technical improvements could bring battery costs down from £75 per kWh to £50 per kWh, at whicb point it would be possible to demonstrate whole life costs cheaper than diesel trucks above the 16,000 km annnal mileage level.

All of this presumes, of course, no drastic disruption in oil markets. Another oil crisis would cast the EVs in a mucb more favourable light.

This, really, is the underlying reason why the volume makers are bothering with such an unprofitable exercise in the first place.

The prospects for the electric car look much bleaker. Agaio, cost is the inhibitor, together with the sheer technical difficulties.

The U.S. General Accounting Office, Congress's watchdog, in a report two months ago, went so far as to call the $180m federal electric vehicle programme a "flop." The programme is being phased out, and the GAO said any further funds for EVs should concentrate on advanced batteries if there was to be any chance of the electric car becoming a reality. It also said that the involvement of at least one major vehicle maker was needed if there was to be widespread commercialisation of EVs.

As a half-way house, attention is increasingly switching to the "hybrid." This involves a small conventional engine being allied to a hattery system. Hybrids have the advantage of exteoding range to normal levels through constant hattery recharging, while the conventiooal engine can also he used to provide extra power under full load.

Hybrid development so far has tended to concentrate on larger vehicles such as buses. The West German motor industry in particular has developed a number which are already in service, while in the UK the Greater Manchester Passenger Transit Authority bas heen a front-runner in investigatiog their potential.

John Griffiths

THE ARTS

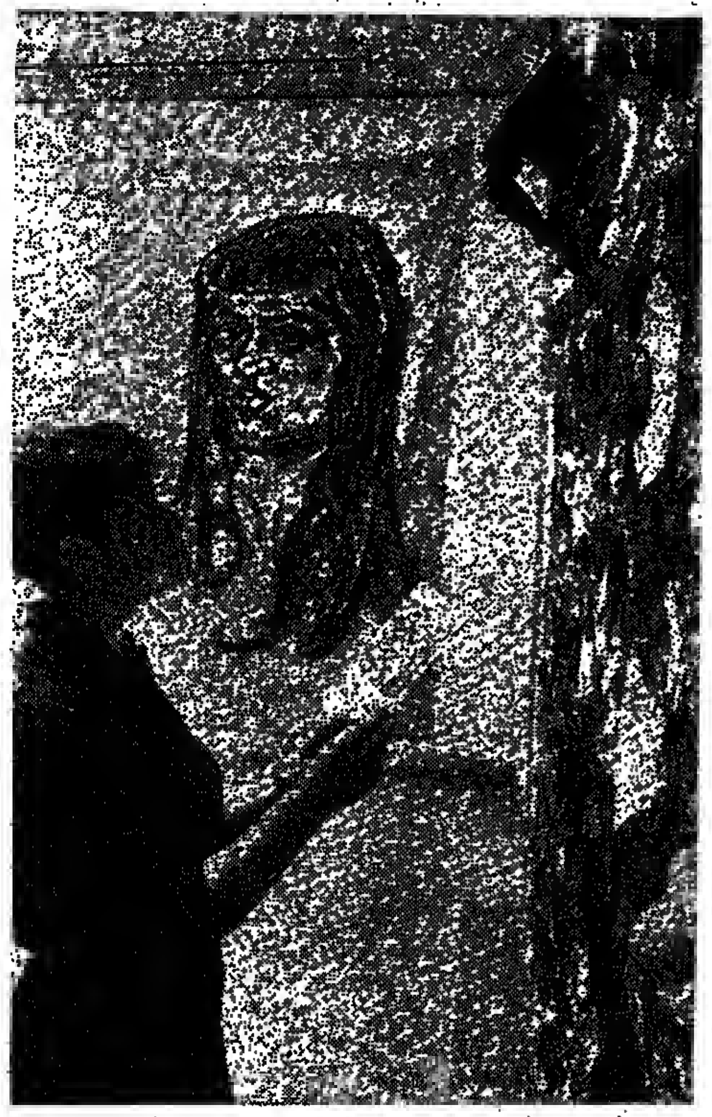
London Galleries

William Packer

Expressionism is back in fashion

In painting, "Expressionism" of a loosely figurative kind is most certainly the thing of the moment, and one happy result of the renewed curatorial and entrepreneurial enthusiasm for the stuff is that at last we are being shown rather more current European painting than we are used to in London, even if it is of limited range and indifferent quality. (American work was always with us, and we are as inclined as ever to underplay our own potentially winning hand). Venice is, and Kassell is reported to be, full of it: here it was that much abused and as fascinating international exhibition at the Royal Academy early last year, portentously entitled "A New Spirit In Painting," that put before ns for the first time the work of such artists as Penck, Kiefer and Baselitz from Germany, Chia from Italy, and Schnabel from America.

But to think of this development as in any way a true revival is rather to miss the point: painting was never moribund, though many may have thought it so; neither figuration nor expressionism in its handling was ever away; and the only new feature worth remark ia the speed with which so many of those now conspicuously involved have changed position to accommodate tha opportunity. There has, of course, been little talk of positions reversed, opinions revised, minds changed.



Julian Schnabel's work on show at the Tate Gallery

Saddest of all to recognise, however, has been the unerring knack by which the meretricious, the superficial, the empty and the inflated have been preferred to so much else (and there is certainly no shortage of it) that is more modest in scale, and quieter in ambition, but worth rather more. Before going on to particular instances, some words on Expressionism as such are perhaps necessary.

It often happens with the labels and categories of art history and criticism that a term coined at a particular moment, sometimes even in a spirit of outright abuse, to fit a certain kind of work, proves in the event to be pertinent, descriptive, in short, useful. Its application is soon extended beyond that initial limit, both forward and back in time, until we find it has become indispensable throughout the atudy. That narrow movement itself becomes less narrow and peculiar with time, its constituent parts separated and then absorbed within the broader cultural stream. Who, for example, can today identify Impressionism quite so confidently as was possible even a generation ago? The idea, however, remains potent: we may lose the Cheshire Cat and yet cherish the Grin.

So it is with Expressionism, by which term we point that work in which the means employed serve directly, are indeed clearly inseparable from the expressive intention. In painting the connection is clear enough, quite literally there on the surface of so much of the work of the earlier 20th century, in which the emotional charge of the work, its imagery and symbolism, are reinforced by the loaded brush, the intense and heightened colour, the fierce, uncompromising drawing.

All clear enough indeed in the work of the artists of Die Brucke and Der Blaue Reiter and their immediate exemplars, Munch, Ensor, Nolde, later Expressionists like Beckmann, Grosz and Dix, Soutine, and then much later the Abstract Expressionists in America and the Tachistes in Europe, and on to the present. But then back we go through so much else: to Dada in certain aspects, to the Fauves, to Van Gogh—and suddenly we are led to think of the drawings and monotypes of Degas, Monet passim; and what about Turner, and the extraordinary black paintings of Goya? We look maybe at one of Rembrandt's later self-portraits, or even of these strange last compositions of Titian, and we realise that what is moving us as much as anything is the physical touch on the surface, the drag and pull of the paint thot speak to us so clearly across all this time of the master's long and considered involvement with that very object.

Long and considered are important words in this context, for what they say of Rembrandt, self-evident as it is, holds good for so much else that might appear to be more intuitively carried through, perfunctory perhaps, a hit rushed. It dawns on us that very few artists use paint as it comes direct from the tube, that every stroke in a Soutine, or a Beckmann, or that agonising last cornfield of Van Gogh's, was most carefully mixed, and as carefully placed. Jackson Pollock thought long and hard as he mixed his tins of paint to the right consistency.

Which may seem to be rather a long preamble; but is really a commentary npon two odd shows, and a kind of pendant, now to be seen in London. Julian Schnabel is a young painter from New York, and his small show at the Tate (until September 5) is the first of a programme of just such small shows by young artists — a sound policy, for it is part of the Tate's job to monitor as much as possible of what goes on. But Schnabel, in the context of the wider Expressionism, is a sad disappointment, for the question he leaves us asking is not: why should he do such things; but rather, what is the point? On the purely technical level, his huge canvasses, one or two of them something over 300 square feet, are impressive only in the size, and are simply too big for him to handle — Veronese could do it, and Picasso, but not him. The result is that either the surface is so clogged with matter (and he is reduced to filling out with broken crockery, ostensibly because he chooses to interrupt the surface image), or it remains simple, vacuous, flaccid and bland. There is no quality of drawing, no quality of paint, which means that the imagery is unsustained and cannot carry. Well, it is good to see these things in time, and who knows but that he might not improve, should he chance to look at a Soutine, perhaps, a Kirchner or Van Gogh, and come to understand his concentration.

On to another American, Jim Dine (Waddington until July 24), and an intriguing and pleasantly surprising show, for he has been an uneven and ot times over-ambitious painter, taking on what he cannot always handle. But here we see him working well within himself, with for the most part well-established imagery that harks right back to the Pop hey-doy of the early 60s.

The hearts and macs are with us still, run through the gamut of media, from large triptychs, oil on canvas, through the large drawings in mixed media, to the prints and monotypes. The hest things again tend to be the smaller, where the physical gesture is at easa with the natural scale of the medium, and the natural scope of the physical action; but best of all are those works in which for once, which is to say at last, the over-emphatic image, the Pop heraldry that is so easily self-sufficient and undemanding, and closes off the space so implacably, is thrown over for something much more interesting, so much more truly painterly. The images taken from the ironwork of an ornamental gate are, goodness knows, simple and obvious enough, but they invite the eye through and beyond rather than obstruct; and they reveal to ns not Dine the Pop-imagist, but Dine the painter and a natural Expressionist.

The third show is a small collation of the New Expressionism (at Anthony d'Offay nntil July 25) that includes Schnabel, Kiefer and Francesco Clemente, but is chiefly interesting for its other two artists, David Salle and Sandro Chia. Salle shows one work, and that the perfect curate's egg, a dyptych of which one half is very good, a strange image drawn entirely in red paint of a woman, balloon encased, walking her dog. But Chia, in this company, is in a class apart, the one artist working consciously and naturally within his national tradition, admirably painterly and disciplined; and yet for all the references we may detect—to Futurism, the Italian Metaphysicals, to Dada, he remains very much himself, and entirely of the present.

Maggio Musicale/Florence

William Weaver

The first Prokofiev opera to be staged in Italy was, expectedly, *The Love of Three Oranges*, at La Scala in December of 1947 (two months after a radio performance at the Rome RAI). In 1953, the San Carlo in Naples gave *The Gambler* its Italian premiere; and, in that same season, the Maggio Musicale in Florence presented a memorable *War and Peace* conducted by Rodzinsky. Then, in the autumn of 1955, in Venice, there was the world stage premier of *The Fiery Angel*, which established this opera in the international repertory. Since then, there have been a number of Prokofiev performances in this country, but attention has focused on *The Love of Three Oranges* and *The Fiery Angel*. Prokofiev's last opera, *The Story of a Real Man*, has never had a production here.

In this context, it was a bold decision of the Maggio to present this year, as the last major event of their festival, a new staging of *Mariage in the Convent*, also known as *Betrothal in the Monastery* and as *The Duenna* (title of the Sheridan play on which the libretto is based). The work was done in 1959 in Naples, with scant success, and was also given a radio performance in 1964. Since then it has been ignored in Italy. The new presentation at the Teatro Comunale was excellent, inviting a new estimate of the piece.

Surely it will not be ranked near the top of the brief Prokofiev operatic canon; but it contains a number of splendid scenes, pages of characteristic wry tenderness (the conclusion is a slightly cockeyed waltz) that make a performance more than worthwhile.

The trouble is with the libretto, the usual 18th-century story of a stern father, an aging suitor, scheming daughters, hold swains. Like so many comic operas, this one is not really very funny. In Naples, as I recall, the producer tried to overcome this difficulty simply by pretending it did not exist, and the opera wao staged as if it were a barrel of laughs. At the Comunale, Ugo Gregoretti generally abstained from boisterous nonsense, and allowed the essential humanity of Prokofiev's music to emerge and dominate, as it should. In particular, the long, chiefly orchestral interlude between the opera's first two scenes was charmingly, unaggressively illustrated. And even when the production hecame more tricky—as in the convent scene towards the end—Gregoretti's inventions were rightly more grotesque than buffo. He was ably supported by his usual designer, Eugenio Guglielminetti, who created handsome, traditional costumes and fanciful sets, with just a hint of the young Goya—again a visual move away from conventional comic opera.

More than great voices, Prokofiev in this opera requires good musicians, and the Florence cast, remarkably well-hlended, was strong in this reopect. The two girls—Carmen Lavani as Luisa and Elena Zilio as Clara—were outstanding, lyrical and pert, tender and determined. Tha Duenna of Carmen Gonzales waa also sharply defined and nicely sung. Among the men, Paolo Washington, a familiar artist at the Comunale for many years, was a sound, engaging, enjoyoble Mendoza; while the young suitors—Carlo Tuand (Antonio) and Alessandro Corbelli (Ferdinando)—were suitably ardent and persuasive. The numerous small roles were all assigned with intelligence and properly played.

Even with cuts (and a number were made), *Merriage in the convent* constitutes a long evening; but this Florence performance moved so smoothly and so attractively that both the ear and the eye were firmly held. Much of this success was due to the conducting of Juri Temirkanov (who also conducted some concerts in Florence with enviable results). Obviously, he relishes the Prokofiev quirks; he brought out the brash briskness — the opening bars got us off to a lively start — and the melting sweetness (the serenade of the First Act wao well sung and splendidly, subtly accomponied). The lilting waltz at the opera's end sent everyone home io great spirits.

Having done justice to this light-hearted Prokofiev, perhaps the Maggio musicale will consider, for the coming festivals, some of the neglected serious works. *Semyon Kotko*, for example, has been heard in Italy only twice: at the San Carlo in 1965 in a Bulgarian production, and in 1973 with the Bolshoy company at La Scala. Surely it is time for an Italian translation, and the Maggio would be the ideal setting.

Fitzwilliam Quartet/Wigmore Hall

David Murray

With the pianist Allan Schiller, the Fitzwilliam Quartet appeared on Sunday morning in the Wigmore "coffee concert" series which enhances Sundays so much that it ought to continue year-round. The programmes are short but generally substantial, a rewarding hour or so without interval. The Fitzwilliam hour was rich indeed, setting young Schumann's vigorous Piano Quintet against old Fauré's gentle last music, the op. 121 Quartet.

The inspiriting drive of the Quintet made it the natural conclusion of the concert. Mr Schiller's strong fingers kept the piano part properly prominent but his string colleagues were not less articnlote and assured. There was power without heaviness and no lingering over wistful passages—it is possible to heighten their expression without opplying the hrake—and if Schiller didn't explore every nuance it was a pleasure to hear the work held so firmly together.

Like much of Fauré's best music, his densly beautiful Quartet is neglected, but more than most. It is in the repertoire of scarcely any established quartet outside France; it seems easier to persuade string players to collaborate in one of his plano quartets than to learn op.121 by themselves. It would be nice to say that the Fitzwilliam performance simply made creditable amends for all this unconscionable neglect, but I can say more; this was the most faithful and seorching account of any Fauré chamber work that I have heard in years.

As the Fitzwilliam violist's programme note rightly insisted, the Quartet is melodic above all—but quietly, ruminatively, lemperately. Discreet emphases and plain clarity ore of the essence; Fauré's effects (which are often extraordinary) arise from the interweaving of parts, not from operatic struggles toward a climax.

The sole tiny reservotion to enter against the Fitzwilliam reading, deeply thoughtful and sympathetic as it was, was a hint of strenuousness in the scherzo—finale—as if they were anxious to end wilh a robustly conventional triumph. Transpareocy and a lauter rhythm would have sufficed. Otherwise it was lovely Fauré playing from first to lasl; every voice characterised decisively but subtly, a speaking ensemble, the hidden nodes of the harmony unerringly marked.

Philharmonia/Muti/Festival Hall

Andrew Clements

Riccardo Muti's programmes with the Philharmonia always bear an individual stamp; he builds concerts quite unlike anyone else. So on Sunday evening the fare consisted of Verdi and Berlioz; the song-cycle *Les Nuits d'été* sandwiched between the overture to *The Force of Destiny* and the ballet music from *The Sicilian Vespers*. For most orchestras under most conductors that kind of programming would mean disaster at the box office. Yet the Festival Hall was practically full; whether because of the following the orchestra built up through its subscription scheme or simply because of the consistent quality of Muti's concerts it was difficult to tell.

That consistency was maintained. With memories of the Covent Garden *Falstaff* still fresh it was invigorating to hear Verdi attacked with such relish, to hear the opening of the overture emphotically opening a drama and not gently ushering it in. Muti's Verdi has sometimes been criticised, especially on record, for being driven too hard. Here, and in the ballet music later, there seemed to be ample give and take, with gentle relaxation for the anticipation of Leonora's prayer and the later delicate clarinet solo, and equally more than adequate bombast in the closing pages.

Agnes Baltsa was the soloist in the Berlioz. The voice was so well focused, the approach to each song ao carefully prepared one forgave the passing faults of pronunciation, the uncertainties on diphthongs and final vowels. Mnti chose to retain a fairly large string section for what is essentially chamber-orchestra scoring; yet demonstrated the profit in such a decision by some wispily transparent textures and a light hand in every figuration. If one admired the performance on the level of its technical accomplishment, it did not plumb the emotional depths of each song as completely as it might. The final line of "Sur les lagunes," the opening of "Absence"; both could have been invested with more intensity than Miss Baltsa allowed herself, and will surely allow herself, and will the cycle more.

There are no depths to be explored in the ballet music which Verdi provided for the Paris premiere of *The Sicilian Vespers*. As a concert finale, it provided simple, unadulterated froth; a sequence of fetching dance numbers which the virtuosity of the Philmarmonia turned into an orchestral concerto. One lost count of the number of faultiessly turned woodwind solos, or of the perfectly articulated string passages, perhaps because the music has the kind of numbing good humour that disarms all critical perception.

Boulez's Structures/ICA

Dominic Gill

Adrian Jack's MusICA series takes the stoge again this month and continnes at the ICA on various Sundays until September, with another eclectic programme of new-musical events, concerts and "installations." The opening programme on Sunday was also certainly the shortest: a mere 40 minutes long, devoted to a performance of Books One and Two of *Structures* for two pianos by Pierre Boulez.

Structures were written during the decade of 1951-61 when music was most strongly in the thrall of post-Schoenbergisn aerialism. The two Books comprise five pieces in all, each exploiting a different focet (or different manner) of serial technique: the first piece of Book One in particular was notorious in the Fifties as the ultimate example of a "total" serialism that controlled every parameter of the music (Boulez himself christened it "automatic"). Book Two, written later, contains freer, more dynamic and dramatic elements: but the impulse and character of the music is recognisably the same.

Historically, they are a powerful testimony to a period of rigorous and aingle-minded experiment that is now all but past. As for their musical impact, I bave always found them, and here found them again—in spite of a frequent fierceness of sonority and in spite of the very various techniques used during the course of the pieces—pleasantly and remorselessly soporific. Thia is only partly explained by the intentionally desiccated anti-expressive nature of the work: for even desiccation can have its fascination. *Structures* grip the eor as moving city lights seen from a high vantage-point grip the eye: each line has its direction and purpose, but overall the pattern is aimless, without driving force. The performance, by Aloys and Alfons Kontarsky, was a brilliant *tour de force*.

Jose Carreras/Covent Garden

David Murray

The Celebrity Concert given by Mr. Carreras at the Royal Opera on Sunday was of the sort where the music is expected not to get in the way of the voice. Sometimes the voice gets in the way of the music, which is much worse; but that wasn't true on Sundoy, granted thot Falla's "Nana" was made as loud a lulloby as ever cowed a baby. The Correras tenor does not have all the high heroic ring of its celebrated competitors, bnt its attractive soft-grained quality is supplemented by reserves of surprising power, and it cuts a cleon line. In soft singing the timbre is suddenly less interesting, though a couple of songs ended with a nicely floated *mezza voce*.

The honest dramatic commitment thot Carreras brings to his operatic roles found little scope in the first half of his recital. In Mossenet the general manner was right while details of expression were smudged by very Ibearian French. Respighi and Tosti were more flottering for this voice, and yet a certain reluctance to seize the sentiments (blush-making though they often are) of those songs full-heartedly made them lukewarm in effect. The accompanist Miguel Zanetti was reticent to vanishing point, as is customary on these occasions.

For the second, Spanish half of the programme Mr Zanetti came swiftly to life, assisting brightly with Mompon and Turina (though his Falla sounded as if he hodn't looked at the music in some while). Especially in the Turina songs, Carreras registered just the extra degree of conviction that had been missing earlier; in Spanish, dark colours are heard in bis voice which suggest a husky directness, and he gives pungent sense to words. Falla's Seven Spanish Popular Songs—unusual fare for a tenor—were nonetheless a mixed success: there were exciting passages but also less rhythmic hite than the music wants, and both the slow songs—"Asturiana" and "Nana"—were indulgently drawn out. Still, the voice was very adequately displayed, and it gave general satisfaction.

F.T. CROSSWORD PUZZLE No. 4,915

ACROSS

1 Stays will alter a waist (6)
4 His aim is perfection (4, 4)
9 Stayed in touch with the leaders (4, 2)
10 Extinct animal is around in changed form (8)
12 It can make a man hate what is served (8)
13 Jabber and annoy (6)
15 Welshman's platform (4)
16 Famous Western stage partnership (5, 5)
19 Get Russian names translated (10)
20 Show fond regard for the opposite sex (4)
23 Last though almost sure to finish first (6)
25 Shaken and upset (8)
27 A lovable disposition may be most important (5, 3)
28 Claire makes a cake (6)
29 Riding school discipline is a habit that comes with time (8)
30 A fool to assume the solution (6)

DOWN

1 Difficult week in a hospital department (7)
2 Calling for superior judgment (9)
3 Slightly sensitive? (6)
5 Prepare to put out with the rising tide (4)
6 Started on the course and accelerated away (5, 3)
7 Set great store by (5)
8 It sinks beneath the waves (7)
11 Imputes false motive (7)
14 Antipathy from the gallery (7)
17 He's not left with support in defence (5, 4)
18 The beauty of justice (8)
19 He waits for passengers (7)
21 Getting on in life (7)
22 A firm after new cuts still goes to the wall (6)
24 Urged on a herd of cows (5)
26 A morsel of lamb stuck in a tooth can make one choke (4)

Solution to Puzzle No. 4,914

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Small beer, but a profitable relief from redundancy

A group of former Whitbread employees has set up a distribution company. Raymond Snoddy reports

AS A Transport and General Workers Union shop steward at Whithread's Poole depot, John Smith was a strong supporter of bonus schemes. If individual service to the customer sometimes had to take second place in the hasty pursuit of a bonus, that was unfortunata.

John Smith, who is 51, no longer believes in bonus schemes and is now on a low, flat salary.

"You cannot keep customers happy if you have a bonus scheme. We are getting more customers and I think it is because of the service we offer. If we say we will deliver at a particular time, we are there," he says.

His attitude bas changed because he now views the beer delivery business from a different perspective. He is chairman of Wessex Wholesalers, a small company which rose from the ashes of Whitbread's closure of its Poole depot, with the loss of 40 jobs.

Wessex now has the contract to distribute Whitbread'a beers in the West Dorset area which was covered from the depot.

Sunny weekend

John Smith, who says that in the past his body was doing the job while his brain was elsewbere, oow worries about how to get stock levels right wheo the demand for beer can shoot up in the space of a weekend when the sun comes out.

In its first six months of trading Wessex Wholesslers made a modest profit. The number of pubs, clubs and restaurants which it serves has risen from 35 to 75 and tbe company is handling the equivalent of 80 to 100 36-gallon barrels of beer a week.

Although John Smith and his colleagues John Baker and Bill Smith were all made rednndant, the managing director, 42-year-old Wilf Dawkins, joined of his own accord.

As a management accountant at Whitbread's regional beadquarters at Portsmouth, he was asked to look at the viability of schemes to find new jobs for the 40 being made redundant.

The most ambitious of these schemes ran into the problem of bigh overheads.

And then, Dawkins says: "a glimmer of an idea began to emerge."

Whitbread suggested that there was an opening for a good delivery service in the outlying areas of Dorset remote from the Whitbread depot it would otherwise bave had to use at Romsey. The company was coocerned tbat it might lose valuable customers.

However, ont of the 40 only three were prepared to sink their redundancy money io the plao. None had management expertise.

Wilf Dawkins forgot about the problems of Whitbread and went off on holiday to the South of France.

When be returned last August John Smith telephoned and asked him to join the project. "I think I was taken aback at first but then I seriously thought about it," he says.

If he was to give up his job and take managerial responsibility for the new company he wanted three conditions to be met: to have controlling interest; fnr it to be a limited company and for no more than 50 per cent of anyone's redundancy to be at risk.

The others acepted these conditions.

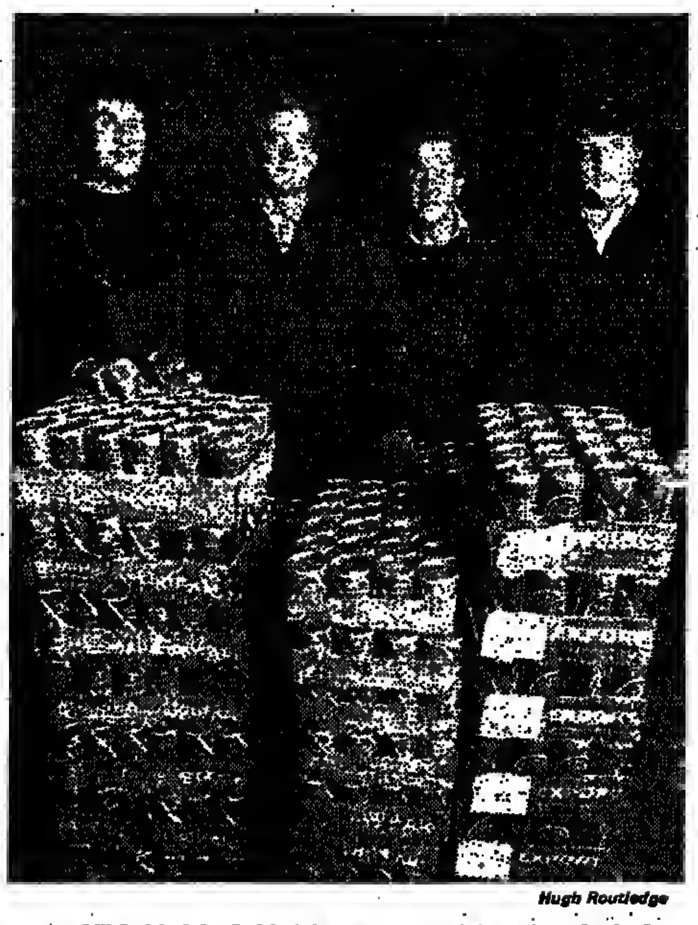
Now he still concerns himself with cash flows and management strategies like he used to. But when beer deliveries arrive he leaves his desk and starts driving the company's fork lift truck.

Not only has Wessex Wholesalers achieved a positive cash flow, the four partners are also enjoying themselves running their nwn company.

"I think it is satisfying knowing that at the end of the day what you are doing is for your own benefit," says Dawkins.

The company is one of the most dramatic examples of the efforts Whitbread bas made to alleviate to some extent the effects of a redundancy programme which has meant the loss of more than 1,500 jobs over the past two years.

Whitbread has provided a counselling service for those about to lose their jobs, a jobs search programme and financial advice on wbat to do with redundancy payments.



Hugh Routledge

L to r: Bill Smith, John Smith, John Baker and Wilf Dawkins: in the first six months of trading, Wessex Wholesalers has made a modest profit

For those who wanted to start their own compsnies there bas heeo advice and help from Whilbread's New Ventures Board under the directorship of Richard Martineau. He believes that small firms are of prime importance in job creation and that Britain has too few compared with its competitors.

One wbo provides evidence to support this thesis is David Yallop. He took voluotary redundancy from Whitbread's Luton brewery where he was product control manager and set up his own business repairing wooden pallets.

Servicing

After being seot oo a small busioess course by the New Ventures Board he employed four redundant Whitbread workers. His company, Palloy Pallets also get a contract from Whitbread.

He receotly took on two new employees and plans soon to take on another. When the seventh arrives Yallop hopes to be able to take more time off from forkliff truck driving and load planning to do a bit more managing.

He is repairing up to 1,200 pallets a week for Whitbread'a south of England region, and hopes to for McMullens of Hereford. He bopes to expand into the servicing of beer barrels.

Other former Whitbread employees have started a building business, a motorcycle repair company and a tropical fish shop.

Apart from encouraging individuals directly the New Ventures Board is also involving itself increasingly both in supporting and creating local enterprise agencies.

For instance the agency in Maidstone has been set up on former Whitbread premises after tha company decided to close a brewery in Kent.

Its experiences nf the past couple of years have emphasised to Whitbread the extent to which its prospects are hound up with the ecooomic bealth of local communities.

"This belief in involvement by tha company in the community which it services is becoming stronger and I would be very surprised, whatever the redundancy position, if we were now to lose this belief in our responsibility to the community. We have something to offer and we can belp," Martineau says.

What to do with surplus cash

Tim Dickson suggests ways of using the money markets

MONEY IS widely considered tn be ooe of the small firm'a biggest headaches—but finding a suitable home for it as opposed to getting bold of it can be an equally important exercise.

A surprisingly large number of companies marshal their resources so carefully and expand with such caution that they find themselves more often than not lending money to the bank, not borrowing it. Even those which normally use their overdraft have a seasonal cash flow pattern that from time to time leaves them flush with funds.

In spite of having quite large balances many small companies do not always get the best return on their cash. Small firm proprietors—who by definition cannot apare the luxury of a full time corporate treasurer—can lose significant amounts in the way of interest either because they do not bargain with their bank or because they do not look around for the best home for it.

There is a feeling among some small businessmen that it is better to keep some money on current account or seven-day deposit "simply to keep the bank manager sweet." The theory goes that just as building societies tend to treat loyal savers more favourably when they apply for a mortgage, so bank managers will reward corporate customers who have kept a healthy balance when they knock on the door for an overdraft or loan.

Except possibly during a credit squeeze, this is not true. Banks lend for one reason only and that is because they think a customer will be able to repay.

Banks post a 7-day deposit rate (which fell to 9.5 per cent gross recently, but they now offer a wide variety of special schemes for small sums (mainly aimed at individual savers) where the return depends on the amount involved and the period of time the depositor is prepared to lock his money away. (As a rule rates are higber the longer the period of investment in order to reflect the greater risk; bnt when interest rates generally are expected to fall the opposite can be true at the short end of the market.)

Banks generally like to see a minimum of at least £10,000 before they will qunte a rate closer to money market rates. Even for these bigger sums the rates quoted round the market can vary, particularly at branch level whare managers are given only one set of figures a day. Rates at the very short end of the market can jump around significantly, though for technical reasons if companies deposit their funds in the morning they are more likely to get a better deal.

An alternative which may be useful for some smaller companies is one of the money market funds. These operate by pooling smaller amounts to get the more attractive rates which big money can attract.

The Simco Call and 7-day funds, for example, are managed by Saturn Fund Management, which is part of Mercantile House Holdings. Saturn's marketing has been directed primarily at individuals, professional agents such as stockbrokers and solicitors, and pension funds and charities bnt in the past year nr so it has been trying to focus more on companies. About 250 corporate customers currently use the service.

The initial subscription in the Simco funds is nnly £1,000; the management charge is ½ per cent. Geoff Harrison-Dees, a director of Saturn, points out that investors in the fund benefit from the spread of 600 local authorities and banks; the management skills of the fund, and the fact that interest will be credited to every spare pound, not just a nice round figure. "You only have to leave a relatively small proportion of your spare funds on current account to wipe out any apparent yield advantage from another institution," he says.

Tyndall and Company, like Simco a licensed deposit taker, runs a Demand Fund and a Money Fund (the latter requires 7 days notice and offers a cheque book facility).

Whereas money in the Simco funds is held separately and invested in securities which directly match the liablities of the fund, Tyndall actually takes deposits onto its own balance sheet and does occasionally take longer positions.

The same is true of the United Dominons Trust (UDT) Average Rate Deposit Scheme, which pays one half per cent below the average local authority 7-day deposit rate on sums above £5,000.

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United Dominions Trust: Treasurer's Department, 51 Eastcheap, London EC3. Tel 01-623 3020.

In brief . . .

THE Manpower Services Commission is to finance Durham University Business School to licence an export marketing management training programme apecifically designed for small and medium sized firms.

Michael Willis, who is managing the licensing operation at DUBS, says "We will provide free training, marketing and recruitment help and long-term support for the licensee. We are not giving the licences away—they must be earned. In two years we want a network of selected centres capable of offering the programme to small and medium sized firms on a nationwide basis."

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●

COMPANIES making products ranging from high quality spberoidal graphite iron castings to Jacuzzi-type whirlpool pumps and fitments for domestic and institutional baths are among the six winners of the MIDAS award scheme. This was launched last year as a joint venture between Leicestershire County Council, Meltnn Borough Council and local industry and commerce led by Pedigree Petfoods, a subsidiary of Mars.

The award winners each received £5,000 and, in addition, will be provided with purpose-built industrial premises, rent relief for two years, guaranteed (by Pedigree) bank loans up to £50,000 and free consultancy and assistance from Pedigree and local universities, including Loughborough.

The winners were Melton Castings, a jobbing foundry making the iron castings; Energy Control Systems, making a solid state electronic device for regulating domestic and industrial central beating systems; Hydra Spa, the whirlpool pumps manufacturer; Mirage Enterprises, which designs and manufactures gift box and greeting card decorations; Paul's Tofu, which produces soya bean curd (tofu) and derivative products such as "burgers"; and Ragamuffin, which designs and manufactures high quality children's clothing.

●

BUSINESSES in mid-Wales will continne to enjoy various forms of grant and assistance next month even though the area is one of a nnmber which from August 1 cease to be Assisted Areas. Because of what the Government believes to be particularly difficult problems of the area—sparse population, remoteness and poor communications and a restricted range of employment opportunities — assistance will continue to be provided through the Welsh Development Agency and the Development Board for Rural Wales.

In addition to favourable rent arrangements on business premises and various discretionary grants and loans, the DBRW will also be able to nffer discretionary grants within its area in respect of industrial projects which will create or safeguard jobs in de-scheduled "travel to work" areas.

The relevant criteria will be identical to those applying to selective financial assistance in Intermediate Areas, though the rate of grant will be lower. In the first full year up to £350,000 will be made available.

Commenting on the Government's announcement of the continuation of facilities in mid-Wales, Nicholas Edwards, Secretary of State for Wales, as well as highlighting the concessionary loans fnr small businesses in rural areas, drew attention to the Welsh Development Agency's new subsidiary, Hafren Investment Finance.

Hafren has just been set up to fund risk ventures, especially new technology projects or dynamic young companies with high growth potential. Amounts of between £10,000 and £100,000 will be available and Hafren's investment return will be "geared to the success of the client," according tn the new company. It will allnw an early buy-out of its stake on terms agreed at the start. The fund has an initial share capital of £1m.

Hafren Investment Finance, Treforest Industrial Estate, Pontypridd, Mid Glamorgan, CF37 5UT, Wales.

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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Tuesday July 6 1982

Unsustainable U.S. policies

U.S. ECONOMIC policy-makers will return from their national holiday today to he confronted with a thin blue book of doubts. The annual survey of the U.S. economy by the Organisation for Economic Co-operation and Development spells out and brings together many of the complaints about U.S. policy which have been made with increasing frankness by senior ministers in Britain, Germany and other U.S. trading partners, but which seem to have been somewhat muted at the recent Versailles summit.

It is a thorough, but thoroughly conventional analysis, which makes some well-considered proposals for improvement, but misses some of the issues which are producing a sense of crisis in financial markets.

Accurate

The OECD's centrel point is made with unusual force. It sees the excessive fiscal deficit, the main cause of abnormally high interest rates, as the result not of accident hut of deliberete and highly questionahle risk-taking. The Administration, it says, is trying to use high deficits — end very bigb projected deficits — as a weepon to scare Congress into accepting cuts in social spending. The cuts are inevitably late and inedequete, end the result is acute financial strain.

This is e tellingly accurate plece of political analysis, but tbe economic follow-through is not quite so impressive. Admitting that It will not be until the hargaining over tbe 1983 budget that any useful change will be achleved, it forecasts at least e further full year in which real interest rates may well drift higher, as tbey continue to leg the falling rate of Inflation. This is seen as a depressing influence on the whole world economy.

This is a familiar picture of the near future, but may well not go far eoough. First, it is worth pointing out that abnormally high real interest rates are not just a general depressant, hut have aboormal effects. They depress investment — including investment In stocks — hut have only a modest effect on consumption.

High rates imposed from the U.S. also make the dollar exceptionally strong; this means that the fall both in inflation and in output is much sharper in the U.S. than elsewhere. U.S. net exports have contributed ahout half of the fall in final demand since Mr Reagan took office.

Other economies are correspondingly protected in terms of activity, as recent British export figures suggest, but they do suffer higher input prices and depressed investment demand — both tending to undermine future inflation performance. It is probably wrong to blame the U.S. for high unemployment in other countries, but these distortions do damage the prospect for stable recovery.

However, there is a more urgent reason to worry about the present level of real Interest rates; for it is not clear thet they can be sustained at their present levels until the Congresslonal cavalry arrives in 1983 without provoking e financial crisis. Bankruptcies in the U.S. are already at an ominously bigh level, and the possibilities of defeutl on sovereign debt are now widely discussed. For a growing number of debtors, current real interest rates are simply insupportehle except in the very short run.

An important financial collapse is oddly enough seen as one possible way out of the present U.S. policy dilemma hy some American enelysts — provided of course thet the dsmage can be contained. It would enable the Federal Reserve to create sufficient liquidity to head off further collepses without arousing renewed fears of inflation, and would probably provoke a flight Into Goveroment deht.

Conditions

This does not mean, of course, that e financial collapse is inevitable, but thet a straight-line projection of present conditions becomes more and more implausible with the passage of time. For this year a comhinetion of monetary slippage, foreign Inflows and timely write-offs of obviously had debts cao keep the show on the road. In the long-run, bowever, a U.S. policy whicb has the effect of tapping the whole free world's savings for American rearmament, and pricing other borrowers out of the market, Is too damaging and too risky to be sustained.

Dr Papandreou settles in

FOR EIGHT MONTHS Greeks have been ehle to find solece in the new weight which their country seems to heve geined in the counsels of Europe. Dr Andreas Papandreou has made sure that their voice is heard, whether it is over condemnation of the Soviet Union, letting Spain into Neto, a fresh status within tbe EEC, or dealings with Turkey.

It has proved a popular act, and has distracted Greeks from thinking about what is happening at home. But this weekend's Cablnet reshuffle has been necessary because the "rope trick" could nn longer be sustained. Stagnation in GNP, 20-25 per cent inflation, and a fall In private investment for the thlrd consecutive year—these are only a few of the problems thet the Government now faces.

All this ls stony ground for a government which was swept to office hecause It promised Greeks a complete social and economic change. The leaders of the party were quick to accept that much of what they had hoped to achieve would have to be deferred. But for the past elght months the Government has heen riven between those whose nrigins lay with the party and who wanted socialism today, and a number of meritocrats, often from posts ahroad, who argued that first the economy had to be set to rights.

Delays

The dispute caused long delays in legislation. Investment incentives, for instance, were blocked for seven months while the Government sligbtly rewrote the relevant lew. The dispute was elso reflected in a battle during the first few months nf the Government's llfe over whetber the banks ebould be forced to give credit to a large number of small and often duhlous businesses.

However, this weekend'e cabinet resbuffle ls a clear vlctory for the meritocrats, and in particular for Mr Gerassimos Arsenis, a former director of Unctad who was first Dr Papandreou's Governor of the Bank of Greece and is now hls Minister of National Economy, a newly created post.

One advantage of the chenge is that it should ansure implementation of the basically eustere budgetary and monetary policies which tha Papandreou Goveroment bas long agreed on. The Government accepted that its first task was to reduce the budget deficit which its predecessor hed run up in its last few months in office. It thus had to abandon meny of its hopes, such as, say, e major school huilding programme.

Anxieties

A second advantage ls thet the Government sbould now he able to ect more quickly and coherently in developing a pollcy towards Industry. In the past, loose stetements by some of the ministers who bave now lost their jobs heve fed many industrialists' suspicions of Dr Papandreou. Today he has settled their anxieties over bis pre-election talk of "socialisation" — be now makes clear thls would only involve eppointment of workers' and local government representatives to companies' boards. But there is still nncertainty over how dynamic a rola the state will seek to play.

However, perbaps the most crucial aspect of the resbuffla is that It should allow tha Government to raise Its eyes to other tasks crucial to its success. It must, for instance, tackle the antiquated and swaddled Greek banking system. Too much of the country's finance is in the hends of the Netional Benk of Greece and too many controls are in the hends of the authorities. Over 100 lending rates are now set by official fiat. Another factor causing Inefficiency is that companies tend to use funds raised for investment to finance sales.

A second factor affecting industry is membership of the EEC. This is now taken as e premise of Greek foreign policy and Dr Papandreou has made it clear he is unlikely to alter this. But the industry which Greece developed when it wae a small and protected market is having trouble in standing up to the growing competition which recession bas engendered throughout Europe. It is to be boped that the reshuffle will prove the first stage In belping Greek industry to rise to this challenge.

U.S. CABLE TELEVISION

Now for the hard part . . .

By Paul Betts in New York

"WE ARE already calling it the third wiring of America. First, there was the electric wire, then the telepbone wire, and now the cable television wire."

Mr Jim Heyworth, presldent of Home Box Office (HBO), the largest, most profitable of the American pay television channels owned by Time Inc, believes that America is just beginning to grasp the potential of this third wiring.

Not thet cable is a particularly new technology. It bas been around for more than a decade. Originally, it was perceived as a utility designed to bring television to remote parts of tbe country, unable adequately to receive the conventional television signal. Bnt after a slow start, the cable business has grown so fast that there are now serious doubts about wbether the momentum can be maintained.

Back in 1968, there were 3.6m American families who subscribed to a cablesystem. By tbe end of tha 1970s, the number had grown to 15.3m or tha equivalent of 21 per cent of American television households. Today, according to Mr Gusteve Hauser, chairman of Waroer-Amex Cable Communications, there are 23m subscribers or the equivalent of 30 per cent of all TV househoIds in America. "And we expect the number to grow to 40m subscribers in the next four to five years," be says.

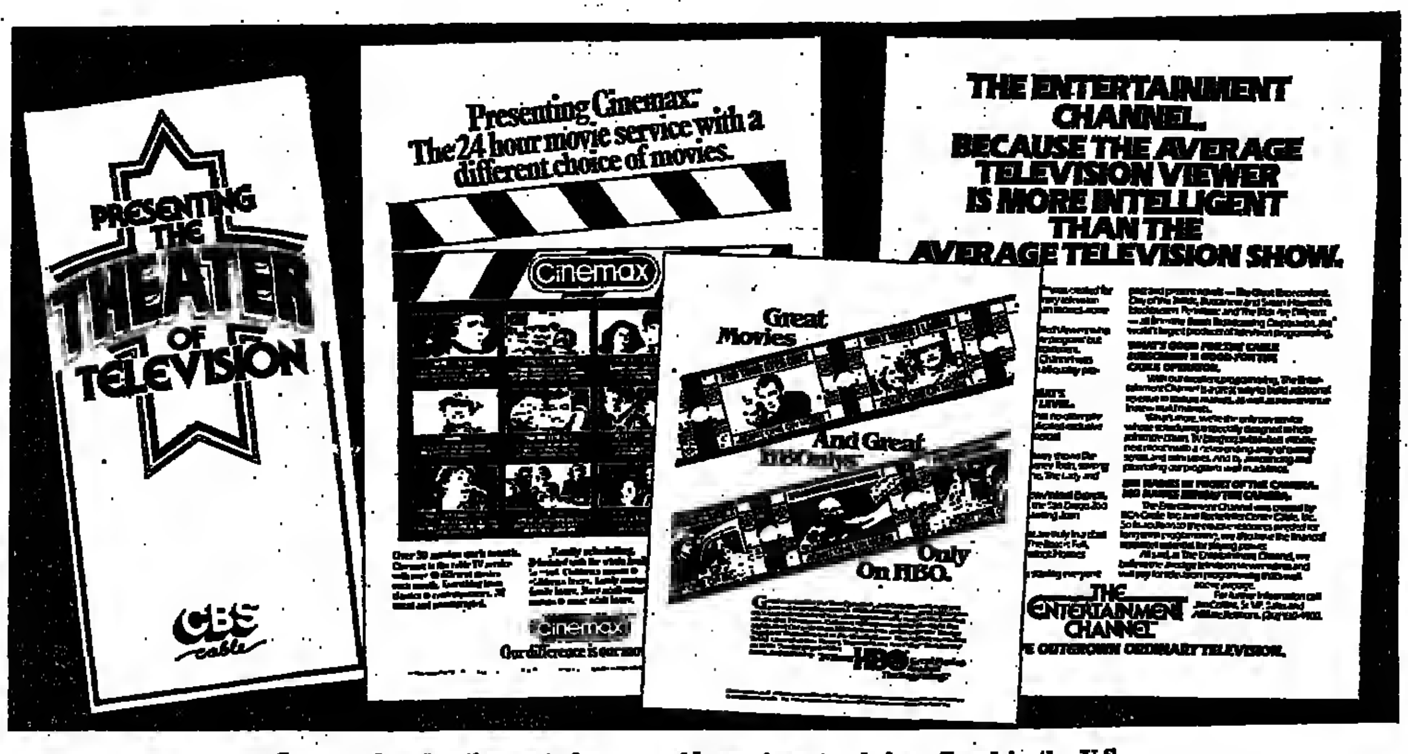
Cable television revenues have also been growing by an annual rate of more than 20 per cent in the last five yeers, compared to sround 10 per cent or less in the early 1970s. Revenues last year topped $3bn. In 1976, they were still under the $1bn mark.

Some of the biggest names of corporate America are now investing hundreds of millions of dollars in cable. The Rockefellers, Getty Oil, the mejor communicetions conglomerates like Warner, CBS and ABC, the Hollywood studlos and the publisbing emplres are all seeking a major piece of the business. Westinghouse has already invested in excess of $1bn in cehle. And with the deregulation of telecommunlcations, the giant American Telepbone and Telegraph company is now entering the fray.

Although cable is essentially en entertainments Industry, and according to Mr Hauser is likely to remain so, it also promises to offer a broed array of consumer and financial services directly to American television households In a few years.

With Its two-way interactive system called Qube, Warner-Amex already offers e cable-linked home burglery and alarm system in some cities. Ms Christie Hefner, president of Playboy Enterprises, wblch pioneered "adult" pay television, claims that in e few years cable may offer banking, ehopping and information services in the living room. "This will be the second cable revolution," she says.

But for all the euphorie sweeping the industry, cable is now in for a shake-out. "The industry is getting crowded," Mr Hauser says. "The competition in both the hardware and software ends of the business is becoming intense. Not everyone is going to make it." Ms Hefner expects the industry to hecome concentrated eventually in the hands of a few dozen major companies with the financial muscle, marketing and programming resources to capture the lion's share of the business.



Some of the advertisements for new cable services now being offered in the U.S.

Some analysts question the long-term viability of the indnstry. One West Coast consultant recently circuleted a paper which warned that "cable television is a deficit beast with a ravenous appetite for money." And while Wall Street remains enthnsiastic abont the prospects of the industry, many leading investment houses are adopting a cautious approech to cable television stocks.

Though more than 15m homes in Western Europe are wired for cahle, the business has not so far attracted investment on the U.S. scale. In many countries, government restrictions prevent cable systems from distributing programmes other than normal broadcast services.

But this may change soon. In Britain, the Government is examining proposals for an expansion of cable systems and is expected to announce policy decisions by the end of the year. A special committee has been set up to review the implications of allowing cable operators to distribute a wider range of material, including both entertainment television and two-way information services.

The problems and risks of the cable industry are complex and vary from business to business. But the biggest disappointment in the U.S. is, quite simply, that earnings have so far fellen well below expectations. At the same time, capital and start-up costs for both operators of cable systems and programmers have been increasing at a dramatic rate.

For the cable operators—the companies wbich offer the hardware—the most acute pressure has come from the process of winning franchises. In the last few years, companies have been fighting costly hidding wars to hecome dominant suppliers of cable systems in the country's urban and suburban areas.

Franchise bidding hegan to intensify in 1979 when the cable craze caught on. To win major franchises from local government authorities, companies

> For all the euphoria sweeping the industry, earnings so far are well below expectations

proposed to offer new sophisticated, high capacity cable systems. The early cable systems offered 12 channels. Companies now proposed 35 or 60 or 100 channel systems with interactive two-way features enabling viewers to talk back to the programme source.

Capital costs suddenly took off. In a comprehensive review of the cable industry, Merrill Lynch, the large Wall Street investment firm, shows that capital costs per subscriber of $300-$350 hefore 1979 rose to $400-$500 per subscriher and for major urban franchises to $500-$750 per subscriber.

Moreover, because many of the recent franchises have heen In densely populated areas, construction costs of $30,000 and up per mile bave become the norm compared to $8,000 per mile in a typlcal suburban area only a few years ago.

But these costs were not the only problem. As Merrill Lynch's study explains: "Many of the most recent franchise bids promised wbat appeared to be uneconomically low rates for basic services, funding for programming originated locally, studios and in some cases funding for other public projects or institutions."

In turn, many operators are now hsving second thoughts about the economic viability of some of their earlier bids. Indeed, in another detailed review of the cable industry, the Wall Street firm of Donaldson, Lufkin and Jenrette warned of the risk of a recurrence of a financial crisis like thet in 1973-75, when premature development of urban markets affected several leading operators.

Cable operators may also soon face competition from new television transmission sources. The Federal Communications Commission has just given the green light to the fledgling direct broadcast satellite industry (DBS). Unlike cable, DBS will offer a variety of channels by bouncing signals off a satellite directly into a home with a special receiver—a dish—on its roof top. The advantage of DBS is that operators do not have to win a franchise since there are no cables crossing public streets, for which local government approval would be required.

There already are some dishes on the market. But until now, dishes have been extremely large and expensive to install and reception has been nowhere near the quality offered by cable or traditional over-the-air transmission. The dish business has thus heen confined to very large apartment blocks where it pays a landlord to install a huge dish on his roof and then spread the costs among his tenants.

But by 1986, large DBS operators are expected to offer small dish receivers costing anything between $100 to $500 each, compared to tha four- and five-figure cost of the current large dishes on the market.

At the programming end of the business, the pressures are equally intense. There are essentially two different kinds of cable television programmer. One offers a so-called hasic service which is provided free to subscribers who pay a fee to the cable operator for his system. This basic fee is about $11-12 a month. The other type of programmer offers a pay television service. Subscrihers pey around $10 a montb for this on top of the basic fee. If they want, they can subscrihe to more than one pay service.

Basic service programmes ere largely supported by advertising, although sometimes a cable operator will also pay the programmer a small fee. But while e few years ago there were not enough programmes to fill all the channels, a glut in programming is now developing because the older and still prevalent 12-channel cable systems cannot absorb all the new programmes now being offered on the market.

The biggest problem, however, has been the disappointing growth in advertising revenue which bas not matcbed the industry's earlier expectations. The cable industry's advertisement revenues last year totalled $129m. Although this was more than twice the $58.4m earned from advertising the year before, it is chicken-feed compared to the $12.73bn advertising revenues last year of the three national networks—ABC, CBS and NBC.

"Advertisers like to count eyeballs," says Mr Hauser of Warner-Amex. But in cable, where there is no established rating formula, it is difficult for advertisers to measure the number of viewers watching e specific programme. At the same time, advertisers appear to be put off by the large number of competing channels on cable systems, which they fear inevitably dilutes the number of people who could potentially watch a commercial.

Many programmers are now betting on the concept of so-called narrow casting to attract advertising to cable. They argue that advertisers will eventually be attracted to programmes specially geared to smaller or specific audiences. Such programmes range from all-news channels, to all-sports channels, to programmes for minorities, to special cultural channels. But despite the critical success of some of these programmes, most are making heavy losses. Gettys Oil's entertainment sports programming network (ESPN) is understood to have lost between $10m and $15m last year. Ted Turner's all-news cable network, launched two years ago, is also in financial trouble.

Pay television does not have to worry about advertising. Its revenues come from direct subscriptions and its appeal is that it hroadcasts programmes which are not constantly interrupted by commercials. HBO, Time Inc's pay channel, has been enormously successful. According to some estimates, HBO, which reaches more than 8m subscribers, earned about $75m on revenues of about $315m—a handsome 25 per cent profit margin. Although in its initial stages, HBO reputedly lost about $50m, its subsequent success bas attracted other major entertainments and communications companies into the pay TV market.

The competition is putting pressure on HBO while it is delaying the anticipated pay-offs for the relative newcomers.

In the very near future, the industry bas high hopes for a new programming concept, the so-called pay per view whereby a viewer pays a fee to watch an individual programme like a special blockhuster movie or a major sporting event. So far, however, the number of homes capable of receiving pay per view programming either through e special converter or a two-way interactive system such as Quhe is relatively small, at 200,000 to 300,000 homes. But Merrill Lynch expects the number to grow to 5m bomes by 1984.

Furtber down the road lie the so-called enhanced services which will enable cable to offer consumer and financial services to the home. But the competition bere is likely to be even more intense since other technologies and some formidable competitors—not least AT and T—are likely to be involved. Although the industry is excited hy the future potential of cable in the consumer and financial arena es well as in its traditional entertainments business, it should also remember that way back in the last century, every home was to he linked with the telegraph. Alexander Graham Bell killed that idea.

Men & Matters

Pitt and the pendulum

Labour Party whizz-kids of the 1960s end 1970s who still believe in Sir Harold Wilson's style of economic planning, appear to be gathering again in the West Midlands for a rerun of the experiment.

Former junior education minister and MP for Aldridge-Brownhills, Geoff Edge is chairman of the economic development committee of tbe Labour-controlled West Midlands County Council. Now e research fellow at Birmingham Polytechnic, specialising in regional economic initietives, he is the driving force behind the establishment of the controversial West Midlands Enterprise Board.

The man responsible for the detailed work in creating the new body is Terry Pitt, who succeeded Peter Shore as bead of the Labour Party research department in 1965.

Pitt was once regarded as one of the rising stars of the party hut left politics after e year as special adviser to Lord Glenamara (Edward Short) in 1975. After freelance consultancy work for several British companies, Pitt went to Papua New Guinea as first director of the Institute of National Affairs, a research and advisory body.

Within six months of bis return to Britain lsst year, he was appointed senior adviser on economic development in the West Midlands.

Birmingham-born, an epprentice at GKN and engineering graduate from Aston University, Pitt argues thst the enterprise board offers a real possibility of industrial regeneration in the area.

Ratepapers' funds of £3.5m have been voted for its operations and a chief executive, Norman Holmes, bas been recruited from the Northern Ireland Development Association. Six of the 10 board members are councillors, including Alan Hope, leader of the Coneervative opposition.

Only two of the four ontside directors have so far been named. One is Devid Alden, formerly with tbe National Enterprise Board aod now at Inmos, the State-backed microchip producer.

The other is Geoffrey Robinson, Labour MP for Coventry NW, former hesd of Jaguar Cars and a one-time official with the Industrial Reorganisation Corporation.

Robinson, whom Michael Foot has now hrought on to the front bench as a science spokesman, bas been mainly in the public eye lately as unpaid chief executive of the Mariden motorcycle co-operative.

But on the question of whether Meriden would be among the first applicants for aid, Pitt is firm. The county council is considering assistance for co-operative ventures completely aeparately from the enterprise board's activities, he insists.

Court circular

Is this another clue, Holmes, to Lord Denning's successor as Master of the Rolls? Lord Justice Oliver was sitting yesterday in the Court of Appeal over which Denning presides—and will apparently continue to sit there during the last three weeks of tha law year.

Olivar, a man of alpha plus intellect, has been the lawyers' choice for the succession since Denning announced his retirement in May. He is favoured by Chancery lawyers, in particular, who feel lt is time tha Master of the Rolls was selected from among their number.

Sir Sydney Templeman, also a Chancery practitioner, is probably Oliver's equal in judicial ability but lacks his softness of touch. More likely, it is thought, that Templeman is bound for the House of Lords to replace Lord Russell of Killowen.

My legal eagle sticks to his fancy—Lord Justice Donaldson, from the Queen's bencb side of the Suprema Court. The Prime Mlnister is thought to have expressed e preference for his qualities as a quick and decisive referee, even if some rate him only alpha minns in hrain power.

And the judges' clerks — a breed of gentlemen who usually have their ears close to the ground of well-informed gossip —have been tipping Donaldson for the post.

We should know whose guessing is tha more accurate during the coming week.

Basket weave

Reminiscent of the ping-pong diplomacy that renewed relations between the U.S. and China, a basketball team from the U.S. will travel to Angola —with whom Washington has no diplomatic links—on July 24 to play six games against local sides and an invited team from Senegal.

One of the organisers, Richard Lapchick, helieves that there is a parallel with the sporting embassadors of 1972: "We bope that 'dunk' dlplomacy will have the same impact as ping-pong diplomacy," he says. (Note for non-baskatball players — "to dunk" is the action of stuffing the ball into the the net—a feat achieved only by players who are either very tall or who can jump very high).

Recent meetings between Chester Crocker, U.S. Assistant Secretary of State for Africa, and Angolan Foreign Minister Paulo Jorge have led to speculation that dlplomatic links may soon be establisbed—an over optimistic view given the problems: notably the U.S. insistence that the 15,000-20,000 Cuban troops in Angola must first be withdrawn, which in turn requires a settlement in Namibia.

Star of the U.S. team, I am pleased to report, is a 19-year-old Englishman from Folkestone: Martin Clark, six foot nine inches tall (thus no problems when it comes to dunking) who is studying at Boston College. Apparently Clark was one of the first players to accept the invitation and his exampla encouraged others.

Financing the trip are Gulf Oil (the biggest operator in Angola's oil sector), Texaco, Getty Oil, Bankers Trust, Chase Manhattan Bank, Carnation Seafood, Lockheed-Georgia and Adidas.

Outlines

The chairman of one of Britain's larger companies, I know, likes to musa over the following verse—and, no doubt, reads it occasionally to his senior managers.

Entitled "The Indispensable Man," it goes:

"Some time when you're feeling important,
Some time when your ego's in bloom,
Some time wben you take it for granted
You're tbe best qnalified man in the room:
Soma time when you feel thet your going
Would leave an unfillable hole,
Just follow this simple instruction
And see how it humbles your soul.
Take a bucket and fill it with water,
Put your hands in it—up to the wrists,
Pull them out—and the bole that remains
Is a measure of how you'll be missed."

No tipping

In the Yellow Pages of Jersey's letest telephone directory 14 restaurants — including one with the island's top gastronomic award of three gold chefs' bats — have been listed under tbe beading "Rubbish Removal".

Observer

THE GIBRALTAR QUESTION

Why the gates stay locked

By Robert Graham in Madrid

WHEN THE Spanish began preparing earlier this year for the reopening of the frontier with Gibraltar, a new road was built right up to the wire border fence. To the bemusement of the Gibraltarians this new access road was brought to a point on the border some 50 metres from the existing crossing gates with no link on the Gibraltar side. It was even on a slightly different level. The incident sums up the mix of good intentions and misunderstandings that have surrounded—and continue to surround—all attempts to resolve Spain's long standing dispute with Britain over the Rock.

In the space of two years three abortive efforts have been made to reopen the frontier, unilaterally closed by Spain in 1969. Two weekends ago Gibraltarians and residents in neighbouring La Linea on the Spanish side were ruminating on the latest failure. In Gibraltar the mood was more one of disappointment than surprise; while in La Linea the lights were turned off on Friday, June 25, the scheduled reopening date, in a symbolic five-minute protest over what has been long regarded as the sole salvation for this economically depressed area. La Linea's socialist municipality has bitterly coined the phrase: "Nowhere in history have the besiegers been the ones so keen to end the siege."

Right up until the last minute everything was ready on the ground for the Spanish to remove their padlock on the iron gates, the only closed border between western states in Europe. A swath of wasteland between the last houses on the Spanish side and the border had been tarmaced to accommodate the anticipated influx of day trippers and new customs facilities had been installed with computers (reportedly the first in Spain). Everything was ready save the political climate which seemed so carefully cultivated by both sides since the Lisbon agreement in 1980. Then, Spain agreed to reopen the border against an undertaking by Britain to negotiate for the first time on all aspects of the Rock's future.

What went wrong? First, it is essential to underline what is frequently forgotten in the UK—the extraordinary sensitivity of the Gibraltar issue in Spain. Spaniards are reared on history books which underline the affront to national dignity of the 1713 Treaty of Utrecht, whereby Spain ceded Gibraltar to Britain. That there is still a British colony attached to the foot of Spain is profoundly humiliating, especially to the Right and the military. King Juan Carlos recognised this when last year he refused to attend the wedding of Prince Charles, his blood relation, because of the latter's choice of Gibraltar as the start of his honeymoon.

Any atmosphere of trust has always been enormously fragile. The Spanish have regarded reopening the border as a favour to Britain; and for performing this favour they have sought concessions. Britain on the other hand has felt that the border closure was an unacceptable unilateral action. Thus the Lisbon agreement in British eyes was a concession in itself because it provided linkage between the border reopening and negotiations on the future. With time the Spanish Government has tended to press Britain further. Latterly Spain has sought concrete negotiating proposals in advance of any border move. The Falklands conflict merely aggravated all this.

Spain felt that it could not get sufficient pre-conditions to satisfy domestic criticism at throwing away what is perceived here as the main diplomatic card in regaining sovereignty to Gibraltar. Moreover the Spanish Government is now convinced that the British Government has also retreated, and Mrs Thatcher in comments to Scandinavian TV the week before last certainly gave fuel to these fears.

Mrs Thatcher said that sovereignty was not negotiable and hinted at a form of self-determination for Gibraltarians. This was in clear contradiction to the Foreign Office line and to the spirit of the Lisbon agreement. As a result it is hard to see any progress during the life of the present Spanish Government, and the Spanish could well tighten the screw on Gibraltar again, with the frontier opening postponed *sine die*.

For instance it was revealed last month that an unnamed British submarine had been challenged going submerged through the Straits of Gibraltar by a Spanish corvette. The press also chose the moment to mention a series of violations of Spanish airspace by RAF aircraft using Gibraltar including an incident several weeks ago in which a submarine detection device was accidentally dropped near La Linea.

British troops salute lowering-the-flag ceremonies on the Spanish side of the border they guard

The main immediate concern relates to relations within Nato. Spain this month formally became the 16th member of the alliance, and by so doing became Britain's defence partner. It was widely hoped that Spanish membership of the alliance would be a cosmetic way to give Spain the beginning of some say over the Rock. Gibraltar is an integrated part of the Nato command structure and has its own status, Gib-Med. Med.

The British Government and Nato are reticent in commenting on the real strategic value of the Rock. But its main value lies in facilities to monitor the movement of shipping in and out of the Mediterranean, especially submarine movements—in theory, according to international treaty, these ought to be on the surface but this is often abused.

Gibraltar also acts as a glorified aircraft carrier. Britain no longer retains fixed-wing aircraft on the Rock because it is cheaper and easier to fly from bases in the UK. However, the airfield is used during Nato and purely British exercises—and most recently was used during the Falklands conflict.

The November defence review called for a more restrictive use of the airfied, day-time only and excluding weekends. With an open border and good relations with Spain the need for this small facility with a limited runway would be lessened.

As for the naval facilities the MoD is pledged to close down the dockyard but retain docking and bunkering facilities to deal with visiting naval vessels. This is especially important in the case of nuclear submarines. The Spanish removed the Americans from their base at Rota in 1979, although they still have access, and are increasingly sensitive to the presence of nuclear weapons on Spanish soil. Thus even with Spain inside Nato this is considered a useful facility.

In the past Spain has protested at Britain's military use of the Rock. This was expected to end with opening of the frontier. But now Spain could, to exert pressure on Britain, begin to be bloody-minded. For instance it could insist on strict compliance of air space rules—extremely difficult because aircraft have to make very tight and sometimes dangerous turns with the strong winds and difficult air currents.

Franco ruled out military action to regain Gibraltar. With the gradual imposition of restrictions that culminated in the frontier closure he believed that the Rock would fall into Spain's hands like "a ripe fruit". Gibraltar, he said, was not worth shedding one drop of Spanish blood. The Spanish Defence Ministry insists there is no plan to attack Gibraltar and this appears borne out by the deployment of troops. The present Government has itself repeated its obection to settling international disputes by force.

Furthermore any such move would be open encouragement to Morocco to do the same with the two Spanish enclaves of Ceuta and Melilla across the straits in North Africa.

The inhabitants of the Campo area are the most fervent supporters of reopening the frontier and close ties with Gibraltar. These are the people who have suffered most. After the big fuss in 1969 when some 5,000 lost their jobs due to the closure, nothing has been done. (La Linea is landed with an international football stadium which has witnessed one major match and which the municipality no longer can afford to keep up.) The jobless rate is 29 per cent.

Britain now has to conduct a policy on the basis of dealing with a weak government almost certain to call general elections this autumn—elections that could well see a socialist controlled government in power. The political limbo into which Spain is now moving makes any worthwhile dialogue difficult until December at the earliest. Having thrice expected the Spanish to deliver there is a temptation to let the border stay closed. This would then place the Spaniards in the potentially embarrassing position of having to dismantle the border restrictions in order to comply with the Treaty of Rome before joining the EEC—without any negotiations on sovereignty. In the past Britain has always hinted that its support for Spain in the EEC depended on the latter's attitude.

None of this takes account of the wishes of the 30,000 Gibraltarians who "shall have the right to make their own choice about their own future," Mrs Thatcher said recently. After the Falklands the idea of forcing them into the arms of Spain, no matter how democratic, is more unacceptable to British public opinion.

Unlike the Falkland islanders the Gibraltar lobby was strong enough to ensure they got full British citizenship. The 13-year siege has made them far more British than they would have been with an open frontier because their natural language is Spanish with close ties to Spain and they are polyglot Mediterranean ethnic mix. Their sole link with the outside world has been via air to the UK and Tangier since 1969. Yet their self-determination, without some agreement with Spain on the frontier, means a radical rethink of policy in Whitehall. It would mean nothing less than a sustained subsidy.

Tourism and the expansion of the services sector cannot develop with the border closed. Indeed the economy has been gradually running down and can only be cushioned under the present circumstances by British Government aid. The continued closure of the frontier is extremely serious for the Gibraltar economy.

Lombard

Why Europe is bewildered

BY JONATHAN CARR IN BONN

WHEN President Reagan announced his steps against the Soviet-West European gas pipeline project on June 18 (carefully timed, no doubt, to coincide with Waterloo anniversary day), he said his aim was "to advance reconciliation in Poland."

Apparently the idea is that sanctions make the Kremlin suffer financially and thus cause it to think twice about suppressing the Poles. Yet Mr Reagan noted in the same statement that "since December 30 1981" (when he imposed his first round of sanctions) "little has changed concering the situation in Poland." That could indeed mean the measures were not tough enough, as Mr Reagan seems to have concluded. But it could just as easily mean that sanctions do not influence Moscow's behaviour in the way the U.S. imagines.

Since then U.S. officials have followed up the specific argument about Poland with a more general one. This is that by selling gas to the West, the Soviet Union gains much-needed hard currency which it can devote to its military sector. Thus by blocking (or at least delaying) the pipeline project Washington is undermining Moscow's capacity for aggression.

One (for Washington convenient) corollary of this argument is that the U.S., by selling the Russians lots of grain, is depleting Moscow's financial resources and therefore, presumably, starving the Soviet military of funds. A less comfortable corollary is that when ex-President Jimmy Carter imposed his grain embargo, he was boosting Soviet military might.

If this reasoning is correct, then it would suggest one should buy nothing much—not just gas—from the Russians at any time. But is it?

Dangerous

Most sensible people in the West (a dangerous way to start a sentence, it is true) would agree that one should not deliver goods of "strategic value" to the Soviet Union. There may of course be problems sorting out just which goods are "strategic." After all, even Western rolling pins might be used by the Red Army with truly devastating effect at close range. Still, it is definitional problems like this which the Western experts of COCOM have been highly paid for years to sort out.

That said, what makes the U.S. so sure that broader economic sanctions will squeeze the Soviet military effort? No doubt the benighted Russian people will be squeezed, but then after more than 60 years of "Communism" preceded by hundreds of years of Tsarist repression they must be used to that. Perhaps the Soviet Union's unhappy allies (including the Poles) will be squeezed too. But at least Moscow will be able to blame the new difficulties on the "wicked capitalists" and, for once, there will be something in the claim. The result could be a solidifying of the Kremlin's hold in Russia and East Europe — which, one imagines, is not exactly what President Reagan has in mind.

Reluctant

Heaven knows, the Americans can justly complain that the Europeans are hard to deal with, that they squabble absurdly among themselves and that they often treat the U.S. with disdain—as though they could defend themselves in a real East-West crisis, which is just not true, as any fool can tell you.

But what are we to make of U.S. policies which change like a weathercock—from an initially "soft" Mr Carter to a "tough" Mr Carter to a Mr Reagan whose toughness expresses itself in a different way? What conception does the U.S. have of its long-term relationship with the Soviet Union, and how do sanctions fit into the picture? Failing answers to these questions, it is not surprising if Europeans are reluctant to go along with what they interpret as the latest costly fad in Washington.

Letters to the Editor

Accountants' views of industry's profitability

From Mr J. P. Grenside.

Sir,—It is unfortunate that the heat generated by the present dispute about CCA is distracting attention from the economic realities which confront British industry and which financial statements should help us to see.

If we relied on historic cost figures alone we would receive a reassuring impression of the performance of British industry over the past 20 years. Since 1963 the pre-tax historic cost return on capital of British industry (excluding North Sea activities) has shown a broad stability, mostly fluctuating between 14 per cent and 20 per cent, with a mean of 17 per cent. In 1963 the return was just under 16 per cent, in 1981 just over 13 per cent.

The trend disclosed by these figures effectively conceals what every thinking businessman in this country must know—that the real profitability of British industry has suffered a fearful decline over the period.

In fact as the latest figures from the Bank of England show, the pre-tax real return on capital of British industry measured on a current cost basis has fallen almost continuously for the last 19 years, from 11 per cent in 1963 to under 3 per cent in 1981. The real trend has not been one of near stability but of disastrous decline, with all that that implies for investment and employment.

The opponents of CCA claim that HC statements are preferable because they are based on "fact." But I find it hard to understand how anybody could seriously maintain that the HC returns on capital cited above depict the facts of economic reality. CCA, whatever its imperfections, seeks to show reality, and I am reassured to know that the CBI are as forthright in their support of the pursuit of that truth through CCA as are the Accounting Standards Committee.

It is hardly surprising that SSAP 16 has been shown to have imperfections—particularly when applied to certain classes of business enterprise—but to abort the experiment half way through would be a major disservice to the accounting profession's search for realism in financial reporting to the public.

I hope the members of the Institute of Chartered Accountants will prefer the stern path of reality to the easy way of self delusion, and support the work of the Accounting Standards Committee in developing CCA.

J. P. Grenside,
Peat, Marwick, Mitchell and Co.
1 Puddle Dock,
Blackfriars, EC4.

Public and private house ownership

From the Director of Shelter

Sir,—The Director of the House Builders Federation characterises your leader on housing finance, and the Shelter report on which it was based, as anti home ownership. This is, sadly, the typical response to attempts to engage in rational discussion on this most sensitive political issue.

Mr Humber's point of view is entirely illogical. He is probably right that the majority of people see inherent advantages in home ownership. But, if he is right, then tax neutrality between owning and renting will not stop people becoming owners, as long as they can be helped over the high costs of the early years. Nothing that has ever been proposed by Shelter would prevent such assistance being given. Our concern is that the assistance should not continue beyond that point, providing subsidies for people who no longer need them at the expense of other householders and, in all likelihood, the economy as a whole.

The HBF provides no answer whatever for the very substantial minority of the population who will inevitably have to be content with comparatively overpriced, badly serviced rented housing. Mr Humber asserts blandly that the provision of more rented housing is "bad economics" but provides no evidence for this assertion. Since when was the provision of tax incentives to induce purchase of something for which demand is already high good economics? And if demand was not high without incentives what does that say about people's desire to own?

Finally Mr Humber consistently confuses the term "home ownership" with the description "private sector." This allows him to falsely assert that those who favour less subsidy for homes owners necessarily want "more state owned houses." To come to such a conclusion suggests a most inadequate perusal of your leader (none at all of Shelter's report) or a wish to stigmatise any opposition, a tendency not generally associated with those who feel confidence in their arguments.

Neil McIntosh.
157, Waterloo Road, SE1

Pipeline from Siberia

From Mr R. V. Mummery.

Sir,—Lenin once averred that capitalists would supply the rope to hang themselves, and Winston Churchill also remarked: "We are all feeding the crocodile in the hope that it will eat us last," and, few truer words have been spoken.

It is surprising therefore that the UK Government, or certain members of it, are supporting and approving assistance to the Soviets in the completion of a pipeline stretching 3,000 miles from Siberia to Western Europe, thereby compromising beyond recovery both Nato and western Europe's economic independence, since every nation's defence capacity is directly related to its energy resources.

If those politicians and their policy making friends amongst international finance and commerce want to hang themselves, that's fine, but the rest of us may well get hanged alongside these myopic gentlemen.

Evidently President Reagan has seen the light and now belatedly wishes to cripple the project. It has been pointed out that bigger quantities of natural gas exist in the North Sea fields than in Siberia. Development costs would be less. What pressures therefore, keep the Siberian pipeline to the forefront?

West Germany's huge steel industry is tied up with contracts to the USSR, and over 300,000 West German workers are said to depend in the USSR for their jobs. But because Dr Armand Hammer's Occidental Petroleum obtained preliminary approval for developing Siberian gas fields in 1974 with the aid of funds from American banks, a memorandum was circulated through Congress stating that U.S. financing of Soviet gas exploration, especially at low interest rates, subsidised by American taxpayers, smacked not only of poor business judgment, but a complete disregard for national security and may account for President Reagan's opposition.

Economic assistance to the Soviet Union has always been justified on the grounds that it would "mellow" the Soviets and induce the regime to gradually relax totalitarianism. This has been the argument for 50 years. But there has never been any sign of fundamental change; and since this economic assistance is precisely the means by which the Soviet military establishment is maintained, it is well to emphasise both the continuation of repression by the Soviet authorities and the absence of "mellowing."

R. V. Mummery,
8 Cranham Court,
Rue des Chenes, St. Helier,
Jersey, C.I.

North Sea oil exploration

From Mr J. Field

Sir,—As managing director of NCB (Exploration), at the time that it was taken over by BNOC, may I make a comment on your article of June 10?

You say that the Government encouraged BNOC to acquire interests (and expertise) from the National Coal Board and the then ailing Burmah Oil Corporation.

As a matter of fact, the Act setting up BNOC required the Corporation to take over National Coal Board (Exploration), by purchasing the issued shares at par (50,000 £1 shares). In addition to that payment the Corporation reimbursed the capital expenditure that the Coal Board had incurred through NCB (Exploration). The amount was approximately £96m.

The assets acquired from the National Coal Board at cost included the Viking Gas Field (50 per cent) which was in production. Other assets now in production or being developed include Dunlin (9.77 per cent), Murchison UK (33¼ per cent), Statfjord UK (33¼ per cent), and a small interest in Thistle, all now in production; Brae (20 per cent) and Hutton (20 per cent) being developed; and North Brae, a probable development.

Additionally, hydrocarbons had been proved on 3/2 (Lyell), 9/18 and 19 and on 15/30 which is now exciting interest as a major gas condensate field.

Unlike the Coal Board, which derived no financial benefit from its efforts to find hydrocarbons on the UK continental shelf, apart from the short period in which it enjoyed the revenues from the sale of Viking gas and condensate, Burmah Oil Corporation was able to negotiate the sales of its interests in the Ninian and Thistle Fields and the sums involved provided for the reserves bought as well as the capital that had been invested.

You will appreciate that National Coal Board (Exploration), was a much better buy. To try and establish how much better I did some figuring from a recent Wood Mackenzie (stockbrokers) report. In terms of remaining reserves NCB (Exploration) Ltd., provided:

Oil 443m barrels out of 802m barrels or 55.2 per cent;

Gas 375bn cu ft out of 442 bn cu ft or 84.8 per cent.

Wood Mackenzie have also produced field figures for remaining net present value at January 1 1982. For producing, developing and probable fields BNOC's share of the remaining NPV is £1,124.26m of which £703.4m, or 62.5 per cent, is attributable to NCB (Exploration). Since Wood Mackenzie will have been unable to make allowance for the compensation to Burmah the total figure may be overstated and the contribution from NCB (Exploration) could therefore be e higher proportion of the total.

I shall watch the arrangements for the privatisation of BNOC with interest and the satisfaction of knowing that what is on offer is largely due to the work of my old company and our excellent partners in the private sector, especially Conoco.

John A. Field.
57, Woodside Road, NW5.

A sceptic's view of CCA

From Mr Derek Holley

Sir,—I am a sceptic when it comes to a profession imposing its will on other sections of the public.

The Institute of Chartered Accountants, of which I am a member, allowed for the introduction of SSAP 16 and all the attendant costs without any consideration for those in industry who have to bear the workload and the audit fees that go with it. It costs this company about £1,000 in time and fees per year.

SSAP 16 and all its predecessors were invented by theoreticians for the benefit of theoreticians and, dare I say it, to improve the scope for more audit fees. The country has to get to grips with beating inflation, not introducing schemes that perpetuate it.

My challenge to the audit profession is this. Make SSAP 16 voluntary and audited free of charge (or to go unaudited). We will then see whether or not there is the same anxiety for its retention.

I will certainly be voting for abolition. The disgrace rests only with those who forced through the introduction of inflation accounting, not those who are trying to keep industrial costs to a minimum.

Derek Holley,
Managing Director,
Thandar Electronics.
London Road,
St Ives, Huntingdon.

Ropner slightly lower for year

PRE-TAX profits of Ropner fell slightly from £6.32m to £6.05m for the year to March 31 1982, on turnover £1.15m lower et £27.66m.

Engineering profits edged up from £3.62m to £3.66m for the year after being down from £2.1m to £1.62m at midway. However, shipping dropped to £565,000 (£1.44m), having slipped £76,000 to £699,000 at six months.

Insurance broking profits rose from £123,000 to £507,000 but the contribution from property development fell sharply to £530,000 (£1.04m). Investment income totalled £1.38m (£836,000), while interest payable fell to £589,000 (£733,000).

The net total dividend is effectively maintained at 4.334p with a final of 2.667p. Earnings per 25p share are stated at 13.7p, against an adjnsted 18.8p.

Tax took £2.87m (£1.97m). There were minorities of £149,000 (£190,000) and extraordinary credits of £359,000 (£293,000). There was no contribution from associates this time, compared with £413,000 previously.

CCA profits before tax were £5.4m (£5.6m).

• comment

Despite roots in the depressed shipping sector Ropner has managed to produce better second half profits leaving the year less than 5 per cent below the all time high of the previous 12 months. The key to this surprisingly solid performance is Airtech, supplying telecommunications equipment to the defence sector. Airtech now accounts for some 85 per cent of the engineering division, making it by far the largest single profit centre. Traditional shipping activities meanwhile slipped into the red. In the closing six months there was a loss of £100,000 as the industry worldwide laid up record levels of tonnages and freight rates hit (hopefully) rock bottom. For Ropner there is no short way out of this particular dilemma. The "Stonepool" was sold in April only to be replaced with the "Salmonpool," complete with $16m of debt and with today's rates that ship cannot hope to make a profit after financing costs. Two other bulk carriers have also been bought, but these came complete with profitable 7½ year contracts. Elsewhere insurance broking is better after the previous year's cost cutting and lower property profits are just a reflection of spasmodic development completions in a small organisation. At 135p a 5 per cent yield is rightly looking at defence equipment rather than moribund shipping.

Textured Jersey reduction to £0.65m

THE ECONOMIC recession coupled with increases in raw material and other costs have continued to affect results of Textured Jersey, the Wembley-based knitted fabric manufacturer.

As a result of the recession, it has not been possible to fully recover costs in fabric prices and the group reports that for the year ended April 30, 1982, pre-tax profits have fallen from £1.06m to £645,000, on lower turnover, excluding VAT, of £10.85m (£11.7m).

The final dividend is being reduced from 3.75p to 2.25p net for a lower total payment of 4p (5.5p) per 10p share. Stated earnings per share dropped from 17.83p to 13.52p.

Profits for the year were struck after depreciation of £368,000 (£284,000) and interest of £6,000 (£8,000). Tax charge was reduced from £369,000 to £121,000.

The company's liquid position is excellent, the directors state.

• comment

With shares down by more than 40 per cent on last summer's price, the news of a dividend cut by Textured Jersey led to a further fall of 7p to a close et 65p. The cut saves TJ some £60,000, which it says is needed because of continued trading difficulties this year. However, with £1.2m in the bank and virtually no debt, such a policy smacks of hyper sensitivity and an obsession with the company's dire financial position in the mid-1970s. TJ is a slimmed down company that despite its problems achieves an admirable return of 20 per cent on capital. Two problems have hit it hard. The decline of the dress market in the UK has led to overall volume falls of about 7.5 per cent while the remedial move into the expanding leisurewear sector is proving too belated to rescue profit levels. Secondly, it has been unable to pass on its increased prices. TJ hopes to bypass this, in the long term, with e move up market and into continental markets. There is little scope for cost cutting and any improvement will have to come from TJ becoming faster on its feet in response to textile changes. The shares yield 9 per cent.

Mercury Securities' contingency plans

Mercury Securities, the UK financial group, has prepared contingency plans should French government policy result in the need to change its close links with the Paribas nationalised banking group.

The group, whose interests include e 76 per cent stake in S. G. Warburg, the merchant bank, has developed e complex relationship with the Paris-based financial group which involves cross share ownership and a number of joint companies.

These include a 24 per cent stake held by the French group in Warburg with Mercury Securities holding e reciprocal stake in Banque Paribas France through a jointly owned subsidiary called Paribas-Warburg which holds 24.3 per cent of Banque Paribas of France shares.

Lord Roll, Mercury Securities' chairman, commenting on the relationship in the annual report sent to shareholders yesterday says that the ultimate consequences of Paribas' nationalisation "cannot yet be clearly assessed."

He adds that "it is our joint hope that future developments will be such as to enable us to maintain our existing links." But he says "arrangements have been made between us should such a continuation of the present structure of our reciprical investments appear to become inappropriate."

Associated Leisure falls 19% but pays more

A HIGH depreciation charge end a continuing difficult trading environment are the main reasons behind a 19 per cent fall in pre-tax profits of Associated Leisure from £4.64m to £3.76m for the 52 weeks ended March 14 1982. Second-half taxable figures however, were maintained at £1.4m.

The profits were struck after all redundancy and associated expenses incurred as part of the rigorous cost reduction programme eplied throughout the group. The result did not include any contribution from Smiths Happiway Spencers acquired after the end of the financial year.

Although stated earnings per 5p share fell from 14.33p to 9.36p, the year's dividend is being increased from 5.25p to 5.5p net with a final of 3.7p (3.45p).

Lower turnover of £42.61m (£44.25m) and trading profits of £4.16m (£5.54m) were split between:—manufacture, distribution and rental of emusement machines (£33.38m (£34.97m) £3.19m (£4.59m); operation of hotels, leisure and holiday centres £9.11m (£9.14m) and £0.89m (£0.86m); and property investment £125,000 (£146,000) and £77,000 (£94,000).

Careful asset management coupled with the cash inflow from the group's conservative depreciation policy, produced e sharp fell in net interest charges from £899,000 to £401,000.

A tax charge of £1.26m (£0.86m) reflects a lower level of investment in amusement machines, especially video games, than in recent years, although this is partly offset by the purchase of fixed assets for leasing to third parties.

After deducting minorities of £46,000 (£30,000) and extraordinary items of £56,000 (adding £812,000), attributable profits emerged down from £4.56m to £2.4m. Dividends absorb £1.5m (£1.38m).

The year has seen a considerable improvement in the group's balance sheet. Net expenditure on fixed assets fell sharply and, in addition, certain low yielding assets were sold. As a result, net short-term borrowings of £3.62m in March 1981 were converted into net balances of £2.17m in March 1982, a turnround approaching £6m.

Furthermore, the short depreciation cycle which the group uses for its amusement machine business means that when new investment slows down, its liquidity benefits relatively quickly. These factors made it possible for the company to finance with ease the substantial cash content of the acquisition of Smiths Happiway in April 1982.

Following the acquisition of Smiths Happiway, whose financial year ends on December 31, the board has decided to change the group's financial year end to a date on or about the end of December. The current financial period will, therefore, end on January 2 1983.

Interim figures will be reported as usual in November 1982, based on a 26 week period ending on September 12 1982. Subsequently, Associated Leisure will report in April 1983 on the period of approximately 9½ months ending on January 2 1983.

Thereafter the annual pattern of reporting will be an interim statement on the half year figures, issued towards the end of August, and preliminary figures for the full year announced in April.

The continuing recession, with its depressing effect on discretionary consumer spending, kept the group's amusement machine profits under pressure throughout the year. Hiring companies' results were also affected by the further decline in revenues from cited video games, which was not fully offset by the higher income contribution from amusement with prizes machines.

In response to this situation and in order to maintain profitability the group mounted a major attack on operating costs and scaled down capital investment in those product groups and sites which were not showing a satisfactory profit contribution.

In addition, towards the end of the year, plans to merge the smaller hiring companies at Wrexham and Warrington and, in the West Country, at Bristol and Dawlish, were approved.

The performance of the sales company, whose headquarters were transferred from London to Burton-on-Trent during tha course of the year, was affected by the reduced level of demand within the industry and by the cost of the resulting staff redundancies and stock write-downs.

During the year, the group's manufacturing company was closed and production ceased of own-design machines for sale to third parties.

In spite of rising costs, especially of public sector services, and a generally flat demand for accommodation, food and drink, the trading profits of the group's hotels showed an increase over the previous year.

Following last year's sale of the Dreamland Park, Margate, the board subsequently sold some smaller seasonal businesses during the year. Since the end of the year The Wight Holiday Centre et Sandown, Isle of Wight, has also been sold. The proceeds of these disposals have contributed significantly to the group's improved liquidity.

The Berwick Holiday Centre traded at around the levels of the previous year despite a decline nationally in this particular sector of the market.

• comment

Still smarting from its beating from Space Invaders, Associated Leisure has been shifting directions. Yesterday's figures show that the creatures from outer space continued to erode earnings in the second half with the result that amusement machine profits dropped by 30 per cent for the year. Anxious to cut its losses as quickly as possible AL has reduced its investment in the bleeping machines, cut back on its manufacturing efforts and upped its depreciation charges. Cash flow, as a result, hasn't suffered and since the year end the company has splashed out £11m in cash, shares and loan stock for a coach tour company in the north country. The acquisition does not skew the balance sheet and it should provide profits over the next 12 months of more than £2m pre-tax. Other growth prospects are harder to see while consumer spending remains tight. The slightly improved final held the shares firm yesterday. At 106p, the yield is 7.5 per cent.

Second half boosts LRC to record £9m

TAXABLE PROFITS of LRC International rose from a restated £7.03m to a record £9.01m for the 12 months to March 31 1982, with the second-half contribution emerging well ahead at £5.18m, compared with last time's £3.61m.

The second half gained from productivity improvements and e strong performance from European and North American products and the industrial holding division.

Full-year turnover of the group, a manufacturer and distributor of branded consumer goods for the home and health care markets, advanced by £4.52m to £118.44m.

The pre-tax figure benefited from much lower interest charges of £1.72m, against £3m. Tax paid rose from £663,000 to £1.17m and after extraordinary debits of £2.13m (£2.16m) and minorities of £42,000 (£91,000) profits at the attributable level came through at £5.67m, against £4.11m.

Earnings per share are given as 8.7p (7.01p) before extraordinary items and at 5.88p (4.32p) excluding exceptional tax credits of £2.53m (£2.41m). A final dividend of 2.05p (1.8p) raises the net total from 2.5p to 2.75p per 10p share.

Sir Edward Howard, the chairman, says the results reflect continued benefit from the management's focus on optimising the group's existing operations. He adds that with the acquisition of Nepcolour and other development plans, LRC is well positioned for further growth in 1983.

It is pointed out that with the purchase of Napcolour, a UK-wide photo processing network has been established which is expected to make a significant contribution to the industrial holdings division this year. Goodwill of £3m arising on the Napcolour acquisition has been written off to reserves.

United Photographic Laboratories performed impressively, with volumes improving throughout the year. On a CCA basis pre-tax profits were £6.64m (£4.45m).

HIGHLIGHTS

Lex today discusses the Bank of England's experimental M2 monetary aggregate which is designed to measure the balances held by the private sector for transactions rather than investment purposes. The column, for what was a quiet Monday, moves on to look at the figures the SGB scaffolding group where interim profits before tax edged up 4 per cent from £4.97m to £5.17m but the UK core business had a very poor six months. However cash flow was very strong. Elsewhere LRC reports an advance in pre-tax profits from £7m to £9m for the year to the end of March. Sales by this home, healthcare and photo processing group were 4 per cent better at £118.4m, against £113.9m. The group has also published a much improved balance sheet showing debt lower which was reflected in the profit and loss account with interest costs down from £3m to £1.7m. Other results include May and Hassell, Associated Leisure and Ropner.

• comment

Just over two years ago LRC was in disarray. Borrowings had climbed to over £24m pushing gearing past 65 per cent, tho product mix was imbalanced, costs were running out of control and volume was being chased rather than profits. The benefits of the severe cutbacks being made by the new management are beginning to show through strongly. Gearing is below 40 per cent, loss makers have been shaken out and the focus placed on profits derived from both organic and external development of the remaining core activities: Surgery will continue with the closure of the Lidney glove factory in September, the move of this production to Malaysia and integration cuts at Napcolour. The costs of those steps have been provided for in the latest accounts. The delayed Monopolies Commission's report on contraceptive sheaths, due out this autumn, is expected to have a neutral impact on LRC which has worked in close contact with OFT since the report of seven years ago which called for e 40 per cent cut in LRC's prices. Overall performance in the first quarter of the current year is slightly ahead of budget and the group looks to be firmly out of the mire but real growth is not likely to arise until the full benefits of reshaping come through in 1983-84. Yesterday the shares rose 4½p to a 1982 high of 59p for a fully taxed p/e of 12.

Parkdale turns in £132,700 for full year

Pre-tax profits of £132,722 for the year to April 30 are reported by Parkdale Holdings, formerly W. Goodkind and Sons. This compares with £49,476 for the previous 16 months, which included a £38,472 loss on a subsidiary sold.

Turnover of this property investment and financial services concern totalled £655,180 (£574,675).

Dividend is raised from 0.3p to 0.4p net, while stated earnings per 10p share are up from 0.76p to 1.53p. Tax charge increased to £50,635 (£20,434).

Net tangible assets have risen to £1.65m, equivalent to about 30.5p per share, and net borrowings have been reduced by more than £100,000 to £23,000.

The directors say property investment opportunities are constantly under review and they are confident that the current year will see further additions to the property portfolio.

May and Hassell reduces loss

THE BAD winter cost timber importer May and Hassell £5m in lost sales and reduced profits by at least £250,000. As a result the group, which had indicated a return to profit at midway, finished the year to March 31 with pre-tax losses of £856,000, against £1.05m previously. Turnover fell slightly from £49.84m to £49.71m.

Total dividend is reduced from 3.3p to 2.8p net with a final of 1.5p (2p). Loss per 25p share is shown as 8.98p, compared with earnings of 0.65p.

The directors say that during the bad weather no timber moved for more than four weeks in certain areas. However, in the current period, they say turnover is up 25 per cent on this time last year and the modest recovery interrupted by the winter is continuing.

The timber trade structure is being remoulded, they add. This should lead the company to a profitable era built on the existing business and its organic growth.

The associated company, Hallam Group of Nottingham, had another bad year. Further redundancies were made during the period and more have been made since. Every effort is being made to bring Hallam into profit and considerably better results are expected this year, the directors say.

There was a tax charge of £46,000 for the year, against a £1.01m credit. Pre-tax losses include associates loss of £278,000 (£42,000), interest charges of £2.32m (£2.53m), £229,000 (£73,000) provided for bad and doubtful debts and £88,000 (£153,000) for net redundancy costs.

On a CCA basis, the pre-tax loss came through at £690,000 (£1.89m).

• comment

After last week's grim results from International Timber and Montague L. Meyer, May and Hassell's figures produce few surprises. The winter's damage and the retained loss means that the company is now 98 per cent geared, an excessive figure even for the timber business. The company says it has no plans for reducing borrowings through asset sales. Instead, it is counting on improved cash flow from better trading conditions to eat away at the debt. These hopes have also led to the uncovered, albeit reduced, dividend. The shares lost 2p yesterday and at 67p they are trading et about a fourth of M and H's net asset backing per share. The yield is 6.2 per cent which points to some stalwart market faith in the shares.

Wheway Watson cuts losses

CHAINMAKER, engineer and forger Wheway Watson Holdings reduced its taxable losses from £1.83m to £793,000 in the year to April 3, 1982, after having cut the losses at the half year from £694,000 to £413,000. Turnover for the 12 months slipped from £20.45m to £18.28m.

With losses per 10p share stated at 2.79p (6.41p) the year's dividend is maintained with a single payout of 0.05p net to retain the group's trustee status.

Looking ahead the directors say traditionally, the first six months from April to September, which cover the main holiday periods, are the least profitable and they anticipate that there will be a loss in the opening half of the current year.

However, assuming the recession has bottomed out, the steps taken over the past two years should enable the group to return to profitability in the second six months, resulting in a small profit after interest for the year ending March 1983, they say.

In the year under review the cash position continued to improve, with e reduction of £1m in stocks and £1.3m in borrowings. The ratio of borrowings to shareholders funds improved from 86 per cent to 73 per cent, with interest charges being £69,000 compared with £892,000.

Trading losses after interest charges but before exceptional items are on a reducing trend, the directors say.

Although the three months to December 1981 continued in loss in the three months to the year-end increased turnover resulted in a small trading profit after interest charges.

Due to the timing of the annual renewal dates of major contracts, the directors have decided to change the year-end to September. This will assist management in budgeting as the contract renewal dates will, in future, be the start of the financial year.

Pre-tax losses were struck after exceptional debits of £111,000 (£359,000), and there was no tax charge (£34,000 credit). Last year there was also an extraordinary debit of £328,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Associated Leisure	3.7	—	3.45	5.5	5.25
Birmingham Mint	7.5	Sept 10	7.5	10.5	10.5
London Pavilion	Nil	—	12.5	Nil	12.5
LRC International	2.05	—	1.8	2.75	2.5
May & Hassell	1.5	Aug 23	2	2.8	3.3
Ropner Holdings	2.67	Aug 20	2.67*	4.33	4.33*
Parkdale Holdings	0.4	Sept 8	0.3¶	0.4	0.3¶
Alexander Russell	0.96	Sept 3	0.8*	1.5	1.25*
Sekers Int.	0.8	Sept 10	0.1	1	0.1
SGB int	2.3	Sept 16	2.3	—	5.6
Textured Jersey	2.25	Oct 4	3.75	4	5.5
Wheway Watson	0.05‖	July 20	0.05	0.05	0.05

Dividends shown in pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § First distribution since trust launched in November 1981. ¶ For 16 months. ‖ To retain trustee status.

Routledge and Kegan profits down slightly

PRE-TAX PROFITS of book publisher Routledge and Kegan Paul slipped from £130,090 to £14,800 in the six months to March 31, 1982, and figures for the full year show profits down from £158,092 to £141,863 on slightly higher turnover of £4.76m against £4.43m.

At midway, the board said that the company continued to trade in a difficult market in the UK.

The board is recommending a final dividend of 2p per 25p ordinary share, making a total for the year of 3p, unchanged from last year's single payment.

There was a tax credit for the year of £16,860 (debit £18,231), and a minority interest took £1,298. With the dividend totalling £35,657, this leaves retained profits of £121,768 (£104,204).

SGB profit up to £5.17m so far

TAXABLE PROFITS of SGB Group, scaffolding and plant hire concern, rose from £4.97m to £5.17m in the half-year to March 31, on turnover £5,65m ahead to £71.19m.

The directors say half the profit of the period was derived from the company's export and overseas activities, which continue to flourish.

There are only weak signs of recovery in the home market, they add.

The interim dividend is maintained at 2.3p net—last year a total of 5.6p was paid from pre-tax profits of £12.49m. Earnings per 25p share for the half year are shown at 6.3p (6.4p) basic and as 6.3p (6.3p) fully diluted.

Tax charge rose from £2.3m to £2.66m. Profits included interest and dividends received of £601,000 (£291,000) but were struck after interest charges of £1.7m (£1.92m).

CCA profits before tax for the period were £3.1m.

See Lex

Britannic enters the unit-linked life field

BRITANNIC ASSURANCE, the Birmingham-based home service insurance company, has entered the unit-linked life field with the launch of a single premium bond.

These linked operations, foreshadowed in the chairman's speech, will operate through a wholly owned subsidiary Britannic Unit Linked Assurance with a capital of £800,000.

The Britannic Unit Linked Investment Bond will offer the choice of investment in two funds—the Britannic Property and Britannic Managed Fund. The property fund will hold its own properties, and not share investment with the main life funds.

The bonds will be sold by Britannic network of home service agents, who have been consulted on the type and nature of the investments.

Britannic intend to market a complete range of linked life products in due course when the funds have been built up to a sufficient size. It may in due course enter the linked pensions market.

Vanbrugh growth slows

Vanbrugh Life, the Prudential Corporation's unit-linked life subsidiary, failed to match up to last year's high growth rates. New annual premiums were slashed from £6.5m to £1.4m, while single premiums declined slightly from £19.8m to £19.4m.

The decline came almost entirely in the personal pension sector. Last year Vanbrugh had very good figures because it had just introduced the loanback facility, the first life company to do so. Now all life companies offer this facility and Vanbrugh's new business has returned to its previous levels. The company's single premium life business rose 5 per cent from £16.5m to £17.3m, boosted by its new Capital Transfer Tax plan.

Overseas life and pensions business did well over the period with new annual premiums advancing nearly 9 per cent from £13.7m to £14.9m, while single premiums more than doubled from £18.2m to £39.6m.

The Pru's specialist reinsurance company Mercantile and General Reinsurance saw some improvement in life annual premiums from £9.8m to £10.9m, but a decline in life single premium from £3.6m to £2.8m.

Evans & Owen pays 2.5p

An increase from £62,000 to £114,000 in pre-tax profits is reported by Evans and Owen, the Bristol-based fashion boutique, for the year to March 31 1982. The company is to pay its initial dividend of 2.5p. Turnover moved ahead from £2.52m to £2.83m.

The pre-tax figure was struck after interest charges down £1,000 to £8,000. No tax was payable—last time there was a credit of £18,000. Earnings per 25p share of this close company rose from 16.8p to 23.8p. On a CCA basis, pre-tax profits were £56,000 (£48,000).

Russell Bros (Paddington)

Russell Brothers (Paddington), the shopfitting, specialist joinery and exhibition contractor, showed a pre-tax loss of £79,735 for the year to February 28, 1982, compared with a profit of £33,075 previously, on turnover reduced to £1.36m, from £1.71m.

The final dividend, per 25p ordinary share, is cut to 2.5p net (3.625p), leaving a total of 3.75p (4.875p). Dividends were waived on a total of £27,000. Loss per share was stated at 10.04p against earnings of 7.05p.

RESULTS AND ACCOUNTS IN BRIEF

E. AUSTIN AND SONS (materials handling and warehousing, cleaning materials)—Results for the year to March 31, 1982, already known. Shareholders' funds £2.83m (£2.88m). Net current assets £663,000 (£837,000). Decrease in working capital £225,000 (£117,000). Meeting: Winchester House, London Wall, EC, July 22, noon.

BRABY LESLIE (mechanical and civil engineer)—Results for year to March 31, 1982, reported on June 8. Shareholders' funds £8.9m (£8.02m); fixed assets £4.04m (£4.18m); net current assets £5.24m (£5.31m). Chairman says order books at year-end totalled some £7.4m (£6m). Loss-making in 1982-83, if any, will be substantially less than in the year under review. Improvements in performance, resulting from reorganisation of past two years, will come through as profit, he says. Meeting: Hayes, Middlesex, July 22, at noon.

EXTEL GROUP (communications, printing and information services)—Results for year to March 31 1982 reported May 26. Shareholders' funds £16.85m (£14.36m): fixed assets £19 23m (£16.29m): current assets £22.27m (£18.57m): current liabilities £23 26m (£20.67m); decrease in borrowings £272,000 (£493,000 increase). Chairman says signs indicate group will continue to flourish, particularly if further acquisitions suited to its plans can be made. Meeting: Extel House, East Harding Street, EC, July 22, noon.

HARGREAVES GROUP (industrial holding company)—Results for year to March 31 1982 reported on June 23. Shareholders' funds £30.37m (£29.18m): fixed assets £20.15m (£17.86m): current assets £36.78m (£33.57m) including debtors £30.3m (£23.4m): net current assets £11.13m (£11.57m). Chairman says the new financial year has started well and he looks to future with confidence based on what has been achieved in 1981-82 and on what group's new organisation and strategic marketing approach will enable it to achieve in the year to come. Meeting: Wetherby, West Yorkshire, July 27, a noon.

BRITISH STEAM SPECIALTIES GROUP (manufacturer and supplier of pipeline equipment)—Results for year to March 31 1982 reported on June 16. Shareholders' funds £13.67m (£12.78m): current assets £25.9m (£20.88m) including debtors £13.69m (£10.27m): net current assets £14.49m (£13.28m): increase in working capital £986,000 (£616,000). Meeting: Leicester, July 29, at noon.

AMBER INDUSTRIAL HOLDINGS (controlled by Caledonia Investments)—Results for the year to March 31 1982 already known. Shareholders' funds £1.53m (£1.44m). Fixed assets £1.71m (£1.78m). Net assets employed £2.31m (£2.78m). Meeting: 2/4 St Mary Axe, EC, July 28, 2.30 pm.

Highgate & Job £0.26m in the red at year-end

Unchanged losses of £132,000 in the second half left the pre-tax deficit of Highgate & Job Group up from £228,000 to £261,000 for the year to March 31 1982 and dividend payments have again been omitted.

At halfway, when an increased loss of £129,000 against £96,000 was reported, the directors said that economies and business prospects should lead to a resumption of the previous improving trend.

They now say that, though results for the year are disappointing, substantial economies which included the reorganisation of the Paisley plant, are now having a noticeable effect on group losses. This trend should continue and further economies are in progres. The London company remains in profit, they add.

Group turnover for the year under review rose from £6.87m to £7.16m, with losses being made up of: oil division loss £306,222 (£289,971); protein division profit £45,129 (£60,146); Howard Baker (Proteins) loss £134 (£1,423 profit).

There was a tax credit of £1,300 (£156,657) and extraordinary credits of £17,616 (£52,631). The loss per 50p share was 28.3p (7.8p).

WINTERBOTTOM

The net asset value per share of Winterbottom Energy Trust at the close of business on July 2 was 51.8p after deduction of prior charges at par and 54.5p after deduction of prior charges at market value.

Sekers recovers to £235,000

FOLLOWING a small recovery at the half year stage—with taxable profits of £8,000 against losses of £68,500—Sekers International finished the year to March 31 1982, with a pre-tax surplus of £235,000 compared with a deficit of £798,000. Turnover of this group, which manufactures and retails dress, furnishing and upholstery fabrics and curtains, slipped from £11.58m to £11.49m.

A final dividend of 0.8p net per 10p share making a total of 1p, compared with a single payment of 0.1p last time, reflects stated earnings per share of 1.97p (7.83p losses) before extraordinary items and 1.76p (12.11p losses) after. Net tangible assets are given as 48.22p (45.6p) a share.

Mr Gordon D. J. Hay, chairman, says that at the half year, there was evidence that extensive reorganisation carried out during 1980-81 had created the framework for a recovery in profitability.

An essential feature of the recovery plan was to curtail the company's activities in those market areas which had been adversely affected by general economic conditions and to develop, in parallel, those products and markets which had proved to be most resilient and which were considered to be the basis for future growth, he says.

In consequence the group returned trading profits of £801,000 (£140,000 losses). The reorganisation continued during the year he adds.

Capital investment of some £467,000 (£306,000) was carried out as part of the redevelopment of the company and there was a net reduction of £826,000 in total group borrowings to £3.4m, with a consequent saving in interest charges.

Taxable profits were struck after interest payable of £566,000 (£658,000), and tax took £42,000 (£32,000 credit) leaving net profits of £193,000 (£766,000 losses).

After extraordinary debits of £21,000 (£420,000), made up of redundancy and reorganisation costs of £168,000 (£420,000) and profits on the sale of land of £147,000 (nil), the attributable profits emerged at £172,000 (£1.9m losses). Dividends absorb £78,000 (£10,000).

A. Russell improves to £1.42m

TAXABLE PROFITS of Alexander Russell, which is engaged in the distribution of fuel and building supplies and quarrying and coal recovery, advanced from £1.2m to £1.42m for the year to March 31 1982, in spite of a provision of £765,000, compared with £63,000, for the employee share scheme.

Earnings per 10p share emerged well ahead at 11.61p (8.4p) and a final dividend of 0.96p effectively raises the net total from 1.25p to 1.5p.

Turnover improved to £19.11m (£18.12m) and at the trading level profits came through £228,000 higher at £1.49m.

Tax paid dropped from £274,000 to £171,000 and attributable profits rose from £870,000 to £1.21m.

At six months pre-tax profits were £151,000 better at £355,000 and the interim statement expected the full-year outturn to reflect the growth shown in the first half.

British Dredging's cost cutting policy continues

THERE ARE signs of improved prices for some products of British Dredging and the policy of rigorous cost cutting and improving efficiency is continuing, says Mr J. P. Vernon, the chairman.

The group's future depends upon correcting its remaining weak areas and securing better prices for its principal products where price levels have been depressed to unrealisic levels, he tells members in his annual statement.

Mr Vernon refers to the £400,000 due to the group for the sale of its 73.37 per cent holding in Pauls Federated Merchants, payable in four instalments of £100,000 each on December 1 in each of the years 1978 to 1981 inclusive.

This amount, which was the subject of a personal guarantee, was still outstanding and the full amount had been provided, partly in the accounts for 1978 and the balance in the accounts for 1979.

However, since the directors approved the accounts on June 9, 1982, final settlement of this action has been achieved, the principal term of which is that the group receives £200,000. This sum has now been received and the payment will be reflected in the accounts of the group for the year ending December 31, 1982.

As known, for 1981 the group's pre-tax profits dropped from £510,165 to £82,211, on lower turnover of £9.45m (£11.35m). The group's interests are in dredging and related activities, building supplies and construction and ship repairing.

Meeting, Cardiff, July 21, at noon.

STANDARD SECS.

Standard Securities announce that they have completed the sale of 187/205 St John Street, EC, for £1.4m—£100,000 above the valuation carried out in connection with the company's listing in April. The net annual rental attributable to the property is £155,000.

Turnbull Scott losses of £1.84m

Losses of £1.25m in the second half compared with profits of £30,000, have increased Turnbull Scott Holdings' deficit from £270,000 to £1.84m in the year to March 31, 1982. Turnover of this ship owner and engineer improved, however, from £13.57m to £16.38m.

The pre-tax loss was after depreciation little changed at £1.06m and financial costs up from £281,000 to £784,000. There were extraordinary credits of £1.36m (£460,000), being the net surplus on the disposal of ships and other debits of £347,000 (£113,000 credit).

The loss per £1 share was 185p (30p) before extraordinary items.

The final dividend of this close company is down from 3p to 2p net for a total of 5p (6p).

British Enkalon halves losses

PRE-TAX losses of British Enkalon, man-made fibre manufacturer, have been halved to £4.46m in 1981, compared with £8.93m for the previous year. The company is 83.7 per cent owned by Enka, the fibres arm of the Dutch chemicals group, Akzo.

Sales for the year dropped from £57.18m to £49.54m, while losses were struck after interest of £3.58m, against £2.37m last time.

At the attributable level, the company returned a profit of £1.03m, compared with a loss of £44.72m.

In their report, the auditors refer to the provision of £35m charged in the 1980 accounts, in respect of the anticipated terminal costs of the fibres plant in Antrim, Northern Ireland.

The auditors say these costs are dependent upon a number of factors, the effect of which cannot be foreseen with reasonable certainty. As a result, they are unable to form an opinion as to whether the provision is correctly stated.

SPAIN

July 2	Price %	+ or −
Banco Bilbao	340	−4
Banco Central	273	−5
Banco Exterior	242	−3
Banco Hispano	313	−3
Banco Ind. Cat.	109	−1
Banco Santander	312	−6
Banco Urquijo	175	−2
Banco Vizcaya	351	−3
Banco Zaragoza	237	
Dragados	104	
Espanola Zinc	67	
Fecsa	55.2	−0.3
Gal Preciados	26	−2
Hidrola	66.2	−0.5
Iberduero	42	−2.5
Petroleos	71.5	−0.5
Petroliber	91	
Sogefisa	6	
Telefonica	67	−1
Union Elect.	62.5	−5.2

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Granada, Donald Macpherson.

Finals:—Danae Investment Trust, Equity Consort Investment Trust, Imperial Continental Gas, Intasun Leisure, Marston Thompson and Evershed, Rexmore, R. W. Toothill, R. Kelvin Watson.

FUTURE DATES

Interims:—

Birmid Qualcast	July 21
TI Group	Aug 11
U.C. Investments	July 26
Yeoman Investment Trust	July 15
Finals:—	
Acrow	July 27
Bevan (D. F.)	July 12
Courts Furnishers	July 8
Firth (G. M.)	July 15
Hambro Trust	July 27
Hampton Gold Mining Areas	July 14
Harris (Philip)	July 13
Howden Group	July 15
Magnet and Southerns	July 13
Ratners (Jewellers)	July 12
Sogomena	July 7
Sommervills (William)	July 18

LUMONICS/ JK LASERS

Lumonics Inc. of Canada, has completed its acquisition of JK Lasers of Rugby, England. The final purchase price involved the exchange of 677,402 Lumonics common Treasury shares plus C$1,624,423 cash for all of JK Lasers outstanding shares.

In addition, employees of JK Lasers hold share options which may be converted over the next several years into a maximum of 45,860 Lumonics common shares upon payment by the employees to JK Lasers of £146,250.

Link House purchases Railway Publishing

Link House Publications has acquired the capital of Oxford Railway Publishing Company for £260,000 cash, £250,000 paid on completion and £10,000 payable in September 1982.

OPC publishes railway and transport books and has two retail outlets.

Book value of OPC's net tangible assets as at March 31 1982 was £215,051. Net pre-tax profits for the 10 months to March 31 after deducting directors' remuneration of £57,917, were £10,164.

The previous directors of OPC have resigned. Link House says OPC will provide it with an established and pre-eminent imprint in an area of the publishing market not fully covered by existing titles.

'INADEQUATE' SAYS FOURTH CITY BOARD

The attention of directors of Fourth City and Commercial Investment Trust has been drawn to circular letters offering to purchase Fourth City ordinary shares at 7p per unit.

In the opinion of directors this price is inadequate and there have recently been minor transactions at 8p and 10p per unit.

To assist shareholders, at a time when the company's quotation remains suspended and if shareholders wish to dispose of their shares, the directors are prepared to assist in finding purchasers at similar prices.

Prof. Smith shrugs off campaign by Lonrho

PROFESSOR Roland Smith, chairman of House of Fraser, the Harrods stores group, has told shareholders in a circular that the actions of Lonrho, the group's largest shareholder, "will not in any way affect the day-to-day running of the company."

Professor Smith was advising shareholders of the results of the polls called by Lonrho on five resolutions which were put to shareholders at the annual meeting last month.

Lonrho defeated two board resolutions, dealing with pre-emption rights and the adoption of up-to-date articles of association. Theye were supecial resolutions which had to be passed by a 75 per cent majority. Lonrho used its 29.99 per cent holding to block them.

Lonrho's own resolutions were defeated by more than 65m votes cast against them. Lonrho managed to gain more than 57m votes in its favour, including its own 29.99 per cent shareholding.

Professor Smith tells shareholders that the latest battle "has yet again clearly demonstrated that Lonrho is not supported in its actions by the overwhelming majority of shareholders.

"Your board regrets the unproductive use of management time and money but it has a duty to act, and will continue to act, for the benefit of all shareholders, rather than allow Lonrho to further its own narrow interests."

J. Donelly buys out Fairweather division

J Donelly Construction has purchased the North Western division of H Fairweather and Co, in a £760,000 plus management buy-out. The deal was based on tha nett asset valuation as at February 28 and completion followed the take-over of the Fairweather parent, Wood Hall Trust, by the Australian company, Elders IXL.

J Donelly was formed by Mr J Donelly, Mr H Dowdall, Mr E Peters and Mr E Waterworth, the management team responsible for developing tha region from a 1975 turnover of £1.8m to a 1981 turnover of £11.1m producing profit of £152,000.

ASSAM FRONTIER

Assam Frontier Tea Holdings, a subsidiary of Wrengate, has acquired from Sime Darby 23,421 ordinary at 312p and 192,336 preferred stock units at 351p in Assam (24.73 per cent and 81.85 per cent respectively). The ordinary and preferred carry rights to 52.29 per cent of the votes.

Caparo Group, which is acting in concert with Wrengate, owns 203,000 ordinary (21.60 per cent) and 15,250 preferred (6.49 per cent), carrying rights to 14.04 per cent of the votes. Offers will be made by a company, to be owned jointly by Wrengate and Caparo, on the above basis.

HAINSWORTH OFFER UNCONDITIONAL

Acceptances of the offer made by Hainsworth have been received from holders of 3,027,534 ordinary shares of Wormalds, Walker and Atkinson, representing 96.3 per cent of the existing issued ordinary share capital.

The offer has become unconditional in all respects and remains open for acceptance until further notice.

JAMES FISHER

James Fisher and Sons completed the purchase of tha Westfield Shipping Company and the business of Hunting Stag Management from Hunting Gibson. An agreement has also been signed between James Fisher and Stag Line, a wholly owned subsidiary of Hunting Gibson, for the purchase of the ship Silnth Stag.

On June 7 1982 it was announced that the consideration would amount to £3.65m of which £2m would be paid in cash on completion, £850,000 would be satisfied by a bill of exchange which would mature on June 30 1984, and the remaining £800,000 would be satisfied through the issue of new shares by James Fisher.

James Fisher has since exercised its option to pay a cash equivalent for the whole of the £800,000 which would have been satisfied through the issue of new shares. The bill of exchange has been replaced by a different form of deferred indebtedness. Further assets amounting to £25,000 which are being used in the business of Hunting Stag Management hava been included in tha transaction.

The consideration now comprises the payment of £2.83m in cash and a deferred payment of £850,000, which will fall due on June 30 1984.

Lookers lifts Braid stake

Lookers, the Manchester vehicle distributor, purchased on Friday a further 135,000 Braid Group ordinary shares, equivalent to 2.3 per cent of the equity, at 38p.

The purchases, made through Lookers' Bolding Investments subsidiary, took its holding to 1.6m shares or about 26.7 per cent of the equity.

29.96% STAKE IN U.U. TEXTILES SOLD

Mr R. A. Ratner has sold 689,000 ordinary shares (29.96 per cent) in U.U. Textiles from his beneficial and family interests. The shares acquired by Mr. S. J. Wootliff (579,000), Mr D. Thompson (100,000) and Mr R. G. Heuton (10,000), who have joined the board—Mr Wootliffe being appointed chairman. Mr C. Chambers has relinquished the post of chairman and remains as financial director. Mr Ratner remains interested in 684,950 ordinary shares (29.78 per cent). It is the intention of the board to continue and consolidate the company's existing activities and to raise new equity capital as soon as practicable by way of rights.

STANDARD INDUSTRIAL

Standard Industrial Group announces a conditional placing of 3m ordinary shares at 31p a share by Parsons and Co with a number of its institutional clients.

An extraordinary general meeting will be held on July 28 to approve the placing.

ASSOCIATE DEAL

De Zoete and Bevan, broker to Montague L. Meyer, on Friday on behalf of associates of Meyer bought 50,000 Meyer shares at 62p.

Strong and Fisher sells New Zealand interest for £0.52m

Strong & Fisher has sold its remaining investment of 105,000 ordinary shares (12 per cent) in G. L. Bowron & Co., of Christchurch, New Zealand, rugskin and wool tanners, for £519,999 cash, payable next month.

The cost of the investment sold was £85,000 and the book value £321,000.

The profit after tax for the 18 months of G. L. Bowron included in the results of Strong & Fisher for the 53 weeks ended July 3 1981 was £108,200.

The proceeds of the sale will be used to reduce bank borrowings.

HALLITE COMPLETES HILYN PURCHASE

Hallite has completed the acquisition of HILYN, a wholly-owned subsidiary of The Charterhouse Group. The acquisition involved a cash payment by Hallite on completion of £450,000.

ALFRED WALKER

A scheme of arrangement became effective on July 1 1982, whereby Walker West (Developments), a wholly owned subsidiary of Alfred Walker and Son (AW), was demerged from AW and acquired by Alfred Walker (PLC).

PRIMEGLASS-LONDON AND LIVERPOOL

Primeglass, a company in which Mr J. H. Bonas has the controlling shareholding, has acquired an interest in 948,847 ordinary shares of 10p each in London and Liverpool Trust by virtue of an option granted to it yesterday by Castlebridge, which is itself a substantial shareholder.

Mr Bonas has ceased to be a trustee of a charity holding 100,000 shares in LLT and therefore has no further non-beneficial interest in these 100,000 shares. As a result of these changes, Mr Bonas, chief executive of LLT, now has a beneficial interest in a total of 1m LLT shares.

FOTHERGILL & HARVEY

Fothergill & Harvey announces tha acquisition of Montgomery Plating Company for £660,000. Montgomery is a Coventry based specialist metal finishing company with unique processes which are complementary to other Fothergill processes.

SHARE STAKES

Electronic Rentals — A. C. Cowell, a director and as trustee, has sold 24,440 ordinary shares. He has also sold 9,452 ordinary held beneficialy.

Forward Technology Industries—J. E. Green, director, has transferred 1,000 ordinary shares. He is interested in 2,855,500 shares (over 5 per cent), including 2,638,334 held as trustee of the G. S. J. Allan family trust.

Whitbread and Co. — Whitbread Investment Company has purchased 125,000 "B" ordinary shares bringing holding to 8,353,527 (50.32 per cent).

Vaux Breweries — G. M. Wright, director, has been appointed an executor of a will, which relates to an estate holding 59,024 ordinary shares. He has also sold 10,000 ordinary.

Town Centre Securities—I. A. Ziff, chairman and as trustee, has sold 150,000 ordinary shares.

Amalgamated Distilled Products—Globe Investment Trust's holding has increased to 1.06m ordinary (6.06 per cent).

London Prudential Investment Trust—Fleming Far Eastern Trust has sold its holding of 450,000 ordinary (7.5 per cent).

Bell and Sime—Mrs J. L. Anderson holds 30,000 ordinary shares (7½ per cent).

Sharna Ware — Following further acquisitions of ordinary shares (old and new) in the company, Prudential Corporation holds 8.19 per cent.

Bishi Tin Company — Jantar holds 1,134,500 shares (17.37 per cent).

Renold — Prudential Corporation has holding of 3,672,872 ordinary (9.1 per cent).

Broadstone Investment Trust—London and Manchester Group, through its subsidiary—London and Manchester Assurance Company—purchased 35,334 ordinary shares. As a result group interest in ordinary capital is 2.15m shares.

Stewart Plastics — C. Dugan-Chapman, director, has disposed of 25,000 ordinary shares reducing his holding to 6,243,938 (36.62 per cent).

"Shell" Transport and Trading Company—P. F. Holmes has declared an interest in 44,008 ordinary shares. These shares are held under stock options.

Harris Queensway Group—P. A. Davis, director, has sold 50,000 ordinary shares.

'Strong progress' at Beecham

Sir Graham Wilkins, chairman of the Beecham Group, tells members in his annual report that 1981/82 was a year of strong progress for the company and that it is now more efficient than ever before.

As reported on June 4, group pre-tax profits for the year to end-March 1982 expanded sharply from £150.6m to £201.9m on sales well ahead at £1.41bn, compared with £1.19bn.

Sir Graham says not only were the results a new record but the growth in profits was the highest achieved by the group since 1976/77, and that they were attained despite the worldwide recession leaving very few countries in which the group has businesses unscathed.

He points out that competition intensified as companies tried to maintain or increase their shares of shrinking markets, adding that general trading conditions showed no sign of improvement as the year progressed.

In order to stay in the race the chairman says tha group's divisions had to make economies wherever they could, which in some cases resulted in a loss in the number employed.

However, he says Beecham has always been an efficient organisation, comparing well with its major international rivals in terms of employee levels and productivity and that "there is no doubt, however, that today we are more efficient than ever before."

Commenting on the UK launch of the group's new broad-spectrum antibiotic, Augmentin, which it claims is effective against many more bacterial infections than any other oral penicillin or cephalosporin, the chairman says it received an even warmer welcome from the medical profession and attained even higer sales than had been hoped for.

Sir Graham says the lengthy process of seeking approval to market the product in other countries is now well advanced. In addition to the UK, the antibiotic has been launched in Ireland and the Netherlands and marketing approval has been received in Germany, Mexico and several African and Middle Eastern markets. Therefore, the chairman adds, it will become available in a significant number of countries in the current year.

The group's report and accounts for the 1981/82 year show shareholders' funds at £639.3m (£558m) and net current assets at £343.3m (£282m). There was a £61.5m increase in working capital (£1.8m). The emoluments of the chairman were £129,142 (£115,157). Meeting will be held at No. 1 Hamilton Place, W, on July 28 at noon.

Sutcliffe Speakman loss reduced to £250,000

LOSSES, BEFORE tax, of carbon making and engineering group, Sutcliffe, Speakman and Company, have been reduced by £124,000 to £250,000 for the year to March 31, 1982, on lower turnover of £6.86m, against £8.42m. At half-time, the pre-tax deficit was cut from £230,000 to £155,000.

The directors report that the problems and losses associated with the brickmaking contracts in the Middle East, which have affected the company for more than three years, have been finally resolved.

The benefits and economies of the further reorganisation announced in March will be felt in the current year, they add.

At the trading level, the group returned profits of £21,000, against losses of £84,000, but these were before interest charges of £271,000 (£290,000).

Ship Mortgage advances to £5.96m

An improvement in pre-tax profits from £5.15m to £5.96m was recorded by Ship Mortgage Finance Company for the year to March 31, 1982, after higher interest charges of £524,452, compared with £497,749.

The charge for tax jumped from £2.51m to £3.08m and dividends will absorb £2.75m (nil). The company's ultimate holding company is Finance for Industry.

LONDON TRADED OPTIONS

July 5 Total Contracts 1502 Calls 1091 Puts 418

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	5	5	18	6	26	1	272p
BP (c)	300	3	—	12	—	18	7	"
BP (p)	260	4	17	9	62	—	—	"
BP (p)	280	15	54	20	5	24	—	"
BP (p)	300	30	22	68	—	42	1	"
BP (p)	330	50	—	62	0	64	—	"
BP (p)	360	90	1	—	—	—	—	"
CU (c)	140	3	—	8	—	12	3	132p
Cons. Gld (c)	360	5	—	14	2	30	0	344p
Cons. Gld (p)	300	4	—	10	6	18	—	"
Cons. Gld (p)	330	12	0	05	1	30	—	"
Cons. Gld (p)	360	27	e	37	—	42	—	"
Ctlds. (c)	80	6	—	8	20	10	—	78p
GEC (c)	800	200	—	012	—	235	1	994p
GEC (c)	850	150	1	162	—	185	—	"
GEC (c)	900	100	5	110	50	140	—	"
GEC (c)	950	60	53	80	2	105	0	"
GEC (c)	1000	22	56	47	101	73	6	"
GEC (p)	900	e	10	1e	—	24	—	"
GEC (p)	950	12	8	24	10	37	—	"
GEC (p)	1000	27	—	44	15	58	—	"
Gr'd Met. (c)	014	17	2	22	—	26	—	229p
Gr'd Met. (c)	240	0	—	e	43	12	—	"
Gr'd Met. (c)	194	2	—	e	—	4	1	"
Gr'd Met. (p)	014	0½	29	7	—	10	10	"
Gr'd Met. (p)	220	6	—	10	6	13	—	"
ICI (c)	280	28	30	—	—	—	—	304p
ICI (c)	300	12	2	24	—	32	1	"
ICI (p)	330	0½	2	11	5	20	5	"
ICI (p)	300	8	4	1e	—	17	8	"
ICI (p)	330	26	15	32	—	38	—	"
Land Sec. (c)	260	13	—	23	2	32	—	270p
Mks & Sp. (c)	160	3½	5	10	—	15	—	156p
Mks & Sp. (c)	180	1	—	4	200	7	—	"
Shell (c)	330	54	2	60	—	—	—	382p
Shell (c)	390	8	7	1e	14	22	—	"
Shell (p)	360	3	10	10	1	—	—	"
Shell (p)	390	15	5	23	1	25	—	"
Shell (p)	420	40	10	46	—	52	—	"
		August		November		February		
Barclays (p)	383	18	1	20	—	33	—	378p
Imperial (c)	80	25½	5	07½	—	—	—	105p
Imperial (c)	90	15½	5	18	—	22	6	"
Imperial (c)	100	7½	57	12	4	16	2	"
Imperial (c)	110	6¼	6	6	18	10	—	"
Imperial (p)	100	2½	26	4½	—	8	—	"
Imperial (p)	110	7½	3	9½	10	10	8	"
Lasmo (c)	330	4	4	14	2	24	—	279p
Lonrho (c)	70	10	83	11	2	12	8	78p
Lonrho (c)	80	4	34	7	51	8	10	"
Lonrho (c)	90	1	6	—	—	—	—	"
Lonrho (p)	80	6	3	7	—	6	—	"
P&O (c)	130	15	1	25	38	—	—	142p
P&O (c)	140	2	24	17¼	40	21	1	"
Racal (c)	420	32	2	55	—	72	6	448p
Racal (c)	460	2	30	30	1	42	10	"
Racal (p)	390	1	11	7	—	13	—	"
Racal (p)	420	4	—	15	7	25	—	"
RTZ (c)	330	47	—	57	5	62	—	364p
RTZ (c)	360	22	6	37	5	45	—	"
RTZ (c)	390	a	—	20	1	27	6	"
RTZ (p)	360	14	20	20	20	12	—	"
RTZ (p)	420	59	6	70	—	72	—	"
RTZ (p)	460	99	—	108	5	112	—	"
Vaal Rfs. (p)	40	2¼	6	5¼	—	6¼	—	$40
Vaal Rfs. (p)	60	21¼	2	—	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	1	39	—	—	$315.50
GOLD C	$325	8	10	—	—	—	—	"
GOLD C	$350	—	—	30	16	—	—	"
GOLD C	$400	—	—	10	3.50	—	—	"
GOLD P	$300	23	7	—	—	6	14.50	"
GOLD P	$325	2	18	—	—	—	—	"
12¾ NL 81 87-91								
C	F.112.50	10	0.40	—	—	—	—	F.111.20
10¾ NL 80 86-95								
C	F.105	10	0.10	—	—	—	—	F.100.30
P	F.97.50	70	0.20	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	—	—	—	—	1	8	F.276
ABN C	F.300	—	—	1	1.30	—	—	"
ABN P	F.280	48	4.30	6	10	—	—	"
AKZO C	F.25	—	—	5	1	—	—	F.25.50
AKZO P	F27.50	—	—	5	0.50	—	—	"
AMRO C	F.45	—	—	30	2.40	—	—	F.45.70
AMRO C	F.50	—	—	12	1	—	—	"
AMRO P	F.45	—	—	6	1.50	—	—	"
AMRO P	F.55	—	—	20	2	—	—	"
HEIN C	F.55	5	2.60	8	4.20	—	—	F.56.80
HEIN C	F.60	8	0.70	—	—	6	2.50	"
HEIN C	F.65	10	0.10	—	—	—	—	"
HOOG C	F.15	—	—	5	1.20	—	—	F.14.40
HOOG C	F.17.50	—	—	—	—	10	1	"
IBM C	$65	—	—	—	—	1	8⅛	$59⅝
KLM C	F.80	—	—	10	11.50	—	—	F.87.70
KLM C	F.90	10	1.70	4	5.50	—	—	"
KLM C	F.100	50	0.10	162	3.80	—	—	"
KLM C	F.110	—	—	3	8	—	—	"
KLM P	F.80	15	0.40	—	—	—	—	"
KLM P	F.90	12	6.20	—	—	2	8	"
KLM P	F.100	31	12.20	1	16.20	1	13	"
NEDL C	F.120	—	—	—	—	3	4.20	F.111.50
NEDL P	F.110	—	—	33	3.10	—	—	"
PHIL C	F.20	2	2.60	50	3.10	8	3.50	F.22.60
PHIL C	F22.50	40	0.40	6	1.60	63	2.20	"
PHIL C	F.25	—	—	50	0.50	6	0.90	"
PHIL P	F.22.50	—	—	5	0.70	60	1.10	"
PHIL P	F.25	—	—	7	2.50	—	—	"
RD C	F.70	—	—	10	15	—	—	F.84.20
RD C	F.80	50	4.20	3	6.40	—	—	"
RD C	F.90	4	0.20	43	1.70	85	2.90	"
RD C	F.100	—	—	e	0.30	—	—	"
RD P	F.80	—	—	38	2.30 B	11	3.20	"
RD P	F.90	16	8.20	4	8.70	16	a	"
RD P	F.100	—	—	—	—	4	18	"
UNIL C	F.150	—	—	0	2.80	—	—	F.143.30
		Aug.		Nov.		Feb.		
SLUM C	$45	2	⅝	—	—	—	—	$36⅛
VEBA C	DM.130	3	1.20	—	—	—	—	DM128.20

TOTAL VOLUME IN CONTRACTS 1176

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12½%	Grindlays Bank	‡12½%
Allied Irish Bank	12½%	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Hargrave Secs. Ltd.	12½%
Arbuthnot Latham	12½%	Heritable & Gen. Trust	12½%
Associates Cap. Corp.	13 %	■ Hill Samuel	§12½%
Banco de Bilbao	12½%	C. Hoare & Co.	†12½%
BCCI	12½%	Hongkong & Shanghai	12½%
Bank Hapoalim BM	12½%	Kingsnorth Trust Ltd.	14 %
Bank of Ireland	12½%	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK) plc	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	Mallinhall Limited	12½%
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12½%	Midland Bank	12½%
Banque Belge Ltd.	12½%	■ Samuel Montagu	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Morgan Grenfell	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd.	13½%	Norwich General Trust	12½%
Bremar Holdings Ltd.	13½%	P. S. Refson & Co.	12½%
Brit. Bank of Mid. East	12½%	Roxburghe Guarantee	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	12½%
Canada Perm't Trust	13 %	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	12½%	TCB	12½%
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	12½%	Volkskas Intl. Ltd.	12½%
Choulartons	13 %	Whiteaway Laidlaw	13 %
Citibank Savings	¶12½%	Williams & Glyn's	12½%
Clydesdale Bank	12½%	Wintrust Secs. Ltd.	12½%
C. E. Coates	13½%	Yorkshire Bank	12½%
Comm. Bk. of Near East	12½%		
Consolidated Credits	12½%		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	12½%		
E.T. Trust	12½%		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.
† 7-day deposits on sums of under £10,000 9½%, £10,000 up to £50,000 10½%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9½%.
‖ 21-day deposits over £1,000 10½%.
§ Demand deposits 9½%.
¶ Mortgage base rate.

Philippines copper groups get emergency state aid

BY GEORGE MILLING-STANLEY

THE GOVERNMENT of the Philippines has decided to grant further financial assistance to its beleaguered mining industry. President Ferdinand Marcos has authorised an emergency funding programme for the country's copper producers, which are threatened with closure because of the low level of world metal prices.

The President has directed Mr Roberto Ongpin, Minister of Trade and Industry, to purchase through the state-owned National Development Company copper produced during the second half of this year at a fixed price of 75 U.S. cents (44p) a pound.

This price, 15 cents above the prevailing level in world markets, is the average break-even level for copper mines in the Philippines.

The programme should prevent the copper mining industry, until recently the country's biggest export earner, from accumulating any further losses. The leading producers had all warned the government that they would have no alternative but to shut down unless some relief programme could be set up quickly.

The country's total output is about 700m lbs a year, which even at the depressed price of 60 cents a pound brings in foreign exchange earnings of $420m.

President Marcos also directed Mr Ongpin to discuss with the Japanese Government a plan under which Japan, which buys almost the whole of the copper production from the Philippines, would subsidise the emergency funding programme with an advance payment fund amounting to $120m.

The Philippines made the point that Japanese copper smelters could face serious supply problems if the island's copper mines were forced to close.

The government plans to protect itself against losses under the programme by undertaking hedging transactions in the international futures markets.

The emergency funding programme follows the announcement in May of a more broadly based scheme to assist the country's mining industry, involving Central Bank loans to metal producers at fixed preferential interest rates.

Quintette Coal completes financing

FINANCING of C$1.3bn (£586m) has been arranged for the Quintette coal mine in north-eastern British Columbia. Canada's Denison Mines has a 50 per cent interest in Quintette Coal, the operating company.

The package includes C$950m from seven international banks, Canadian Imperial Bank of Commerce, Bank of Montreal, Fuji Bank, Bank of Tokyo, Mitsubishi Bank, Mitsui Bank and Credit Lyonnais. Terms have not been disclosed, reports John Soganich from Toronto.

Quintette's shareholders will put up a further C$350m. They include Charbonnages de France with 12 per cent, and a group of Japanese companies with the remaining 38 per cent.

Mr C. H. Frame, president of Quintette, said it will cost C$850m to bring the mine to production. The extra funds are being regarded as a contingency reserve.

Quintette has also completed the formal signing of sales contracts, covering the entire production over the first 15 years of operation. When full production is reached in 1984, the mine will have an annual capacity of 6.3m tonnes.

Falcon needs increase in gold price

THE ZIMBABWE gold producer Falcon Mines will only pay a dividend for the year to March 1983 if the gold price averages more than $340 an ounce. The company paid a total of 205 cents (158p) as recently as two years ago.

This forecast was made in the report for the six months to March 31 this year, following Falcon's decision to change its financial year-end from September to March, reports Tony Hawkins from Harare.

Operating profit fell by one-third from an annual rate of £3.6m to £2.4m in the latest six months, as a result of the 17 per cent fall in the gold price and a rise of more than a quarter in operating costs.

Falcon said that in order to be in a position to pay a dividend this year, it must earn enough to finance capital spending of £830,000, plus the deficit of £670,000 incurred in 1981-82.

The bullion price has been somewhat below the $340 mark in the first quarter of the current financial year, averaging $334.56.

Sharp fall at Freddies

LOWER INCOME from investments and mining brought about a sharp reduction in full-year net profits of Free State Development and Investment ("Freddies"). The dividend total is maintained at 47.5 cents (24p), with an unchanged final of 32.5 cents.

With investment income down by almost half to R1.74m and mining profits 25 per cent lower at R475,000, net profits for the year ended June 30 came out at R1.83m, compared with R3.63m last time.

The company, a medium-sized mining finance house within South Africa's Johannesburg Consolidated Investment group, shows net asset value at the balance sheet date of 502 cents a share, down from 622 cents last time. This compares with yesterday's London price of 150p.

RESULTS AND ACCOUNTS IN BRIEF

B. ELLIOTT AND CO. (machine tools, engineering products)—Results for the year to March 31 1982 and prospects reported June 11. Shareholders' funds £28.89m (£34.67m). Fixed assets £17.07m (£16.9m). Net current assets £18.18m (£23.92m). Decrease in working capital £3.61m (£4.31m increase). Proposed to change name of group to B. Elliott. Meeting: Harrow, Middlesex, July 21, 12.15 pm.

BENLOX HOLDINGS (building contractor)—Results for the 10 months to December 31 1981 reported May 24. Shareholders' funds £1.05m (same). Fixed assets £709,188 (£392,117). Net current assets £426,419 (£660,864). Net decrease in working capital £207,182 (£623,050 increase). Directors proposing share option schemes for executives and employees. Meeting: Hyatt Carlton Tower hotel, SW, July 19, noon.

LEIGH INTERESTS (environmental services)—Results for the year to March 31 1982 reported June 11. Shareholders' funds £10.92m (£7.86m). Fixed assets £16.43m (£10.74m). Current assets £9.31m (£6.15m), including debtors and prepayments £7.42m (£4.32m): current liabilities £10.21m (£5.38m), including creditors £7.49m (£4.56m) and bank overdrafts £1.98m (£157,127). Increase in working capital £537,678 (£777,816). Meeting: Birmingham, July 22, noon.

DOWNS SURGICAL (maker of surgical instruments)—Results for year ended March 31 1982 reported June 18. Shareholders' funds £7.17m (£7.18m). Net current assets £3.86m (£4.02m) including overdrafts and current portion of term loans £3.04m (£2.73m). Fixed assets £2.56m (£3.2m). Chairman says sales for first two months of current year are comfortably ahead of last year's corresponding period. He hopes to announce improved figures next year. Meeting, Selfridges Hotel, W, July 23, at 3 pm.

GLOBE INVESTMENT TRUST—Results for year to March 31 1982 reported on June 24. Investments £355.63m (£374.11m), including £321.71m (£348.01m) listed and £26.45m (£23.55m) unlisted. Shareholders' funds £314.37m (£339.04m): policyholders' funds £85.6m (£77.64m): current assets £75.37m (£39.57m): net assets £314.37m (£339.04m); increase in working capital £2.89m (£4.1m decrease). Meeting: Electra House, Temple Place, Victoria Embankment, SW, July 23, at noon.

BRENT WALKER (leisure group)—Results for 1981 reported June 19 1982. Shareholders' funds £6.3m (£6.66m); fixed assets £8.35m (£7.28m); net assets £8.79m (£9.61m). Meeting: The Tower Rooms, Tower Hill, EC, July 23, 4 pm.

STEWART NAIRN GROUP—Results for year to March 31 1982 reported on June 15. Shareholders' funds £114,545 (£403,001): fixed assets £83,001 (£265,957): current assets £156,206 (£514,372): net current assets £31,544 (£119,838). Compensation to directors for loss of office amounted to £66,669. Company has completed acquisition of certain property interests from Bukhatir Investments. The board views the future with confidence. Meeting: Winchester House, 100 Old Broad Street, EC, July 23, 10.30 am.

GARFORD - LILLEY INDUSTRIES (engineering, plastics, woodworking)—Results for year ended March 31 1982 reported June 2. Shareholders' funds £2.52m (£2.29m). Fixed assets £1.55m (£1.46m). Net current assets £1.45m (£1.28m). Meeting, Great Northern Hotel, N, July 23, at 11.30 am.

N. BROWN INVESTMENTS (direct mail order business)—Results for year to February 27 1982 reported June 8, with prospects. Group fixed assets £1.37m (£1.02m). Net current assets £4.22m (£3.13m). Bank overdrafts £3.29m (£4.22m). Shareholders' funds £6.77m (£5.66m). Net inflow of funds £1.67m (£1.06b). Meeting, Manchester, July 28, 2.30 pm.

LEOPOLD JOSEPH HOLDINGS — Results for year ended March 31 1982 already known. Shareholders' funds £7.27m (£6.99m). Current, deposit and other accounts £114.74m (£90.4m). Acceptance and confirmed credits for customers £32.22m (£7.49m). Short term loans to financial institutions £33.71m (£22.11m). Loans and advances to customers, prepayments, amounts due from brokers and other accounts £54.03m (£34.99m). Meeting, Haberdashers' Hall, EC, September 13, 12.15 pm.

BUTTERFIELD - HARVEY (special vehicles, household products, rubber and plastics)—Results for year ended April 3 1982 and prospects reported June 16. Group shareholders' funds £10.32m (£13.69m), fixed assets £9.1m (£9.46m), net current assets £4.92m (£7.29m), bank overdrafts £4.08m (£5.73m), net outflow of funds £1.32m (£5.17m). Meeting: Connaught Rooms, WC, July 22, at noon.

CENTURY OILS GROUP (manufacturer of lubricants, industrial hygiene products and engine coolants)—Results for year to March 31 1982 reported on June 4. Shareholders' funds £18.84m (£15.6m), fixed assets £15.89m (£12.83m), current assets £23.95m (£20.29m) including debtors £11.81m (£9.33m), net current assets £10.26m (£9.6m). The chairman's emoluments increased from £81,026 to £98,387, but he waived his rights to £10,000 during the year. Meeting: Hanley, Stoke-on-Trent, July 22, at noon.

CHAMBERLIN AND HILL (foundries and engineering) — Results for year ending March 31 1982 and prospects reported May 20. Group fixed assets £4.06m (£3.77m), net current assets £1.26m (£1.18m), shareholders' funds £5.22m (£4.83m), net outflow of funds £179,000 (£422,000 inflow). Meeting, Walsall, July 23, at noon.

LCP HOLDINGS (property investment and development, vehicle distribution, construction)—Results for the year to March 31 1982 reported June 11. Shareholders' funds £40.62m (£50.67m), net current assets £5.64m (£5.76m), increase in stocks and work in progress £11.44m (£2.3m decrease). Meeting, Brierly Hill, West Midlands, July 28, at noon.

BECHWOOD CONSTRUCTION (HOLDINGS)—Results for year ended March 31 1982 reported June 16. Group fixed assets £3.35m (£2.83m). Net current assets £1.96m (£2.08m) including bank overdrafts and loans £1.28m (£1.1m). Shareholders' funds £3.81m (£3.74m). Net outflow of funds £87,787 (£370,781). Chairman is confident that progress and performance of civil engineering division will be maintained in current year. Every effort is being made to eliminate losses by the mechanical engineering side. Meeting, Swansea, July 23, at noon.

READICUT - INTERNATIONAL (rug kits and specialised textile products)—Results for year ended March 31 1982 and prospects reported June 3. Group ordinary shareholders' funds £30.76m (£33.64m). Loans £13.85m (£8.21m). Fixed assets £2.98m (£21.7m). Net current assets £23.47m (£20.44m). Net liquid funds increased £6.61m (£4.41m decrease). Meeting, Institute of Directors, 116 Pall Mall, SW, July 23, 12.30 pm.

LONDON PAVILION—Group profit for 1981 £1,593 (£65,873), after all charges including tax £8,876 (£26,539). Turnover £16,599 (£78,980). Stated earnings per £1 share 1.23p (45.29p). No dividend (12.5p).

J. BILLAM (sheet metal engineer and cutler)—Results for 1981 and prospects reported May 29. Group shareholders' funds £1.53m (£1.38m). Fixed assets £569,850 (£487,735). Net current assets £1.01m (£0.89m). Net increase in working capital £82,533 (£332,819). Meeting, Sheffield, July 23, noon.

MAURICE JAMES INDUSTRIES (industrial investment company)—Results for 1981 reported on June 30 1982. Shareholders' funds £3.39m (£3.29m); current assets £2.99m (£2.9m), including debtors £2.28m (£2.2m); net current assets £175,000 (£419,000); investments £759,000 (£409,000). Meeting: Coventry, August 19, at noon.

VALOR (manufacturer of heating and cooking appliances)—Results for year to March 31 1982 reported on June 10. Shareholders' funds £17.26m (£15.93m): fixed assets £11.41m (£9.57m): current assets £23.09m (£21.49m), including debtors £7.34m (£6.66m): bank and cash balances £5.21m (£3.49m): net assets £21.27m (£18.74m). Meeting: Tallow Chandlers Hall, 4 Dowgate Hill, EC, July 22, at noon.

AMOS HINTON AND SONS (supermarkets)—Results for year ended March 6 1982 reported May 18. Group fixed assets £12.4m (£10.08m). Current assets £11.6m (£9.58m) including stock £8.82m (£7.36m). Current liabilities £13.08m (£10.46m). Ordinary shareholders' funds £10.76m (£8.93m). Increase in net liquid funds £316,000 (£912,000). Meeting, Thornaby, Cleveland, July 12, at 2.30 pm.

BASE-METAL PRICES were mixed in quiet trading on the London Metal Exchange. Lack of activity reflected the absence of any American interest owing to the closure of Comex for Independence Day. COPPER moved narrowly prior to closing at £804. LEAD was finally £334, ZINC £419, and ALUMINIUM £560. TIN initially dipped to £6700 but rallied to close at £6760 while NICKEL ended the day at £2960

TSL sees upturn after loss

A pre-tax loss of £264,000 is reported at TSL Thermal Syndicate in the six months to April 30 1982, compared with a profit of £116,000 in the corresponding period last year. However, the directors expect that results for the second half will show an improvement.

The interim dividend is cut from 3p to 1p on each 25p share—last year's total was 7p from pre-tax profits of £508,626. Turnover for the group, which manufactures vitreous silica, fused magnesia and oxide ceramics, fell from £6.87m to £6.35m over the half year.

There was a tax credit of £59,000, compared with a £51,000 charge midway last year, and an extraordinary debit this time of £106,000.

Plessey—'stronger and fitter than ever before'

WITH SIGNS of an improving economy, and possibly an upturn in expenditure on defence programmes, the Plessey Company will continue to seize every opportunity open to it for profitable growth, says Sir John Clark, the chairman of the telecommunications, electronic systems, engineering and components group.

The chairman tells members in his annual statement that on the basis of solid achievement over the last five years—underlined by satisfactory results for 1981-82—the group is stronger and fitter than ever before.

"We seem to have developed the right strategy for profitable exploitation of high-technology through the 1980s and grasped the nettle of international competitiveness," he states.

Plessey continues to make good progress internationally.

As reported on May 28, group pre-tax profits advanced by 32 per cent from £84.54m to £111.44m for the year ended April 2 1982 on sales up 14 per cent at £963.1m (£844.5m).

The report includes a five-year summary of adjusted current cost accounts, in which prior year current cost results have been uplifted to take account of the falling value of the pound. On this basis, pre-tax profits have risen from £31.7m in 1977-78 to £84.4m in 1981-82.

The balance sheet has been strengthened by the transfer to reserves of £52.8m, which contributed to a 20.7 per cent increase in shareholders' funds to £359.6m, and by substantial cash inflows.

Short term deposits, investments and bank balances increased during the year from £62.3m to £237.7m. Short term borrowings amounted to £30.25m (£25.14m)—while loan capital and other long term borrowings totalled £25.52m (£28.93m).

Meeting, Millbank Tower, 21-24, Millbank, SW, July 30, at noon.

See Lex

Craig & Rose decline

Pre-tax profits at Craig and Rose halved from £408,000 to £204,000 in 1981 on turnover of £4.72m, down slightly from 1980's £4.99m. The results reflect a substantial fall from £266,000 to £66,000 in second half profits for this paint manufacturer.

A 37p second interim dividend is declared in lieu of final, making 45p for the year, as in 1980. Stated earnings per £1 share are 139.19p (254.41p).

Tax took £61,000 (£150,000), leaving attributable profit of £143,000 (£258,000). In 1980, there was an exceptional tax credit of £156,000.

Profits after tax on a current cost accounting basis are put at £22,000 (£44,000).

Deltight halves its losses

REDUCED losses, down from £233,000 to £110,984, are reported by Deltight Industries, an unquoted company, for the six months to October 31, 1981. Turnover of this manufacturer of specialist fastenings fell slightly from £2.66m to £2.01m.

No interim dividend is again being paid. The pre-tax loss was struck after interest charges up from £103,348 to £110,000.

Mr Edward Greeno, the chairman, says that trading improved towards the end of the half, but profitability was insufficient to offset earlier operating losses and high levels of interest charges prevailing.

Ha says trading has been curtailed by restrictions on borrowings and thus the viability of working capital. This situation will be relieved by the proposed injection of £351,000 resulting from the merger, announced in June, with Alpine Factories.

Alpine will subscribe £351,09t for 2.7m new ordinary shares of 10p in Deltight. New ordinary shares to be subscribed by Alpine will represent 50.001 per cent of the enlarged capital, giving Alpine control.

Midland Bank statistics

The amount of money raised by the issue of marketable securities in the UK in June wss £38t.6m, more than three-times the comparable figure in Msy. In the first six months of the year, £1.18bn was raised through the market, against £2.18bn in the period of 1981, according to statistics compiled by the Midland Bank.

Birmingham Mint slides to £0.5m: holds payout

A FALL in profits from minting activities at the Birmingham Mint caused taxable profits of this group, which produces coins, medals, jewellery, buttons and badges, to slide from £921,000 to £521,000, in the year to April 3 1982. Turnover moved ahead marginally by £127,000 to £10.92m.

However, despite a decrease in stated earnings per 25p share from 44p to 17.1p, the year's dividend is being maintained at 10.5p net with a same again final of 7.5p.

The directors say that the first few months of the current year bave seen some recovery in minting activities which, combined with tha continued strength of the otber business, bas had a beneficial effect on profits.

Order books have now shortened though it is too early for them to say whether the improved trend will continue into the second half.

Looking to tha year under review they say currency minting suffered from reduced ordering of coinage by many governments, accompanied by severe price competition among suppliers, while sales of commemorative coins and medals were affected by depressed consumer demand.

Profits in the badges and uniform accoutrements business were greatly increased, particularly thorugh expansion in export markets. The contract presswork subsidiary also achieved a small increase in profits, despite the recession.

Tax took £173,000 (£35,000) leaving net profits of £348,000 (£886,000). Current cost adjustments reduced the after tax profits to £15,000 (£615,000) and earnings per share to 0.6p (30.5p). In the previous year there were also extraordinary credits of £235,000.

At tha half year stage the group had already fallen behind with pre-tax profits of £218,000 (£418,000) and turnover stood at £5.62m (£5.03m).

BHS first quarter sales disappoint

Sir Jack Callard, chairman of British Home Stores, told the annual meeting that while sales in the first quarter of the current year showed some improvement over those achieved a year ago, they were not as high as had been hoped for.

He added, however, that profits for the period were higher than a year ago but warned that trading conditions continued to be difficult and with no indication of an increase in consumer spending, there was as yet, little ground for optimism for the remainder of the year.

B&C not satisfied with dry bulk carrier market

THE PRESENT stste of the dry bulk carrier market is extremely unsatisfactory, with littla prospect of any improvement in the sbort-term, says Lord Cayzer, chairman of the British and Commonwealth Shipping Company, in his annual statement.

He says that in order to reduce its exposure to this situation in the current year, the group has sold both tha King George and King William. He adds: "At this moment, our decision taken over a year ago to improve the quality of our fleet by the purchase of a new Panamax bulk carrier for delivery in 1983 seems questionable, and the outcome will depend not only on future market rates, but also on our ability to contain operating costs to competitive standards."

Lord Cayzar says that as a result of containerisation of tha Indian trade, the year saw the disposal of the group's remaining cargo ships. There are no longer any Clan Line ships and their disposal, together with one refrigerated vessel, gava rise to a book profit fo £4.29m. It bas been decided to apply this sum as special depreciation against its two product tankers.

In view of the present depressed trading conditions for sucb sbips, be says this not only seemed a prudent step to take, but at the same time seemed justifiable if only for the reason that the group can no longer look forward to wbat has proved to be a steady stream of profit in recent years.

Lord Cayzer says the Bristow helicopter group continued to increase its contribution to the operating profits, and the loss incurred by Air UK was reduced during the year.

The hotels division saw a reduction in the attributable loss and following tha disposal of a hotel in Tenerife a year ago there has been the anticipated improvement in the overall result.

Following the sale of Scottish Lion Insurance Company and the disposal of Marine Indemnity Insurance Company of America, the group is no longer concerned in the underwriting business.

As reported on June 18, pre-tax profits of B & C for 1981 improved from £24.19m to £28.31m. Fixed assets were lower at £151.91m (£159.46m); investments were higher at £103.11m (£93.31m) and net assets employed increased to £332.21m (£295.03m). At the year-end, shareholders' funds stood at £193.83m (£167.05m). Increase in net liquid funds was £37.06m (£4.7m). During the year, tha group made a donation of £95,810 (£43,525) to the Conservative Party and a contribution of £3,422 (£3,109) to the Economic League.

Meeting: Baltic Exchange, 14-20 St Mary Axe, EC, July 27, at noon.

Wedgwood sees progress more in second half

SOME FURTHER progress in sales and profits is expected during the current year at Wedgwood, says Sir Arthur Bryan, the chairman, althougb be adds that it is quite impossible to quantify these.

However, the next few months will continue to be difficult and progress is likely to be deferred until the second balf of the year, be tells members in his annual statement.

He says the board believes that it has effectively carried out a major cost reduction programme which will enable the group to be competitive in most of its important markets.

For the year ended April 3, 1982, this manufacturer of bone cbina and earthenware turned in pre-tax profits of £6.55m (£6.05m) on sales ahead from £106.08m to £116.99m as reported June 19.

At the year end, group shareholders' funds were up from £42.38m to £47.36m. Fixed assets totalled £32.71m (£32.4m) while net current assets increased from £23.76 to £28.92m.

Meeting: 34 Wigmore Street, W, July 28, noon.

NatWest in New York

National Westminster Bank, the UK High Street banking group, is opening a mining and metal office in New York as part of its policy of expanding its interests in the sector in North America.

The Wall Street office will be responsible for developing the bank's "already extensive business in the mining and primary metals industries with companies headquartered in the U.S. and Canada."

Mr Alistair Beeston, formerly a manager in the bank's London-based global energy unit, has been appointed senior vice president of the New York operation which will be staffed by people drawn from the bank and its wholly owned subsidiary National Bank of North America.

Over the past 18 months the bank has expanded its New York staff involved in mining and metals from four to 20.

Cocksedge reduces deficit

LOWER second half losses of £227,000 compared with £399,000 helped Cocksedge (Holdings) to reduce its pre-tax deficit from £598,000 to £493,000 in the year to March 31, 1982. Turnover of this structural and mechanical engineer and steel stockholder was down from £2.84m to £2.55m. For the third successive year no dividend is being paid.

The directors say that, as mentioned last November, orders intake at that time had been more encouraging, although not completely satisfactory. This resulted in a better workload and economical production during the latter months of the financial year.

They say business bas again fallen away and it is now imperative to obtain further contracts in the near future as otherwise, at least short-time working will have to be introduced.

Several quotations are outstanding and tend to remain so for a longer period than in normal times. They anticipate that some of these qnotations will result in contracts being placed with the company, but when and how is uncertain.

In the long-term, it is expected that further contracts will be placed for some of the company's specialised plants, but dates depend on the customers' plans and programmes.

Naw and probably profitable projects have had particular attention and there has been some success in this direction, they say. There was much unavoidable dislocation expense and lost working time in moving office.

The company is now detailing the substantial claim for compensation against the Suffolk County Council. The expected amount which it should receive has not been included in tha accounts for the period to March 31, 1982.

There was a tax credit for the year of £3,000 (£290,000) and an extraordinary credit of £36,000 (£42,000). The loss per 25p sbare was 35p (22.5p) after adjustments. On a CCA basis there was a pre-tax loss of £585,000 (£433,000).

Evans of Leeds advances to £3.21m

Evans of Leeds, the property investment and development group, turned in a 27 per cent rise in pre-tax profit to £3.21m for the year to March 31 1982, against £2.51m last time, on total revenue up at £5.92m compared with £4.87m.

Final dividend per 25p ordinary share is 1.25p net, which together with the interim of 1p net, brings the total dividend payout to 2.25p (2p adjusted). Earnings per 25p share were stated as 5.019p (4.613p).

Shareholders' funds are given as £28.83m (£27.93m).

Morland draught sales rise

The directors of Morland and Company, the brewer and wine and spirit merchant, say in their interim report that sales of the company's cask conditioned draught beers are holding up well. However, bottled beer and wine and spirit sales continne to decline in the public house on-trade.

As already known, the company reported an improvement in pre-tax profits from £7t5,137 to £801,282 for the six months to March 31, 1982, holding its net interim dividend payment at 1.5p.

Senior post at Muirhead

MUIRHEAD has appointed Mr Ian David Walker to its board as finance director. Mr Walker was finance director of Thorn-EMI Technology.

*

Mr Kenneth Morton has been appointed an non-excutive director of STEEL BROTHERS HOLDINGS. Mr Morton is finance director of Reed International.

*

Mr R. T. S. (Tommy) Macpherson, a director of Brooke Bond Group and chairman of Mallinson-Denny, has been appointed a director of BIRMID QUALCAST.

*

Mr J. W. Poulter and Mr R. P. Powell have been appointed directors of DCE VOKES GROUP, a subsidiary of Thomas Tilling.

*

The Secretary of State for Industry has appointed Mr Stephen Sherborne to be a special adviser in the DEPARTMENT OF INDUSTRY.

*

REDIFFUSION bas appointed Air-Chief-Marshal Sir Robert Freer to its board as a non-executive director. Sir Robert was commandant of the Royal College of Defence Studies.

*

HERMAN SMITH bas appointed Mr Roy Loader to the board. Mr Loader, chairman of the group's presswork subsidiary, Herman Smith (Presswork), joined tha group in March 1982 on his retirement from tha board of Duport.

*

Mr P. F. Deacon and Mr J. Martin bsve been appointed to the board of CRYSTALATE HOLDINGS. They are directors and deputy chairmen of A.P. Besson, a Crystalate subsidiary, with responsibilities for sales and prodnction respectively, and will continue to bold these offices.

*

Mr Guy Field bas bean appointed a vice president and assistant general manager of MORGAN GUARANTY TRUST COMPANY OF NEW YORK London office. Mr Field will be manager of Morgan's London bullion department.

*

Mr John J. P. Toomey has become deputy chairman of JARDINE GLANVILL.

*

Mr Michael Chittleburgh, marketing director of John Bartholomew & Son, has become chairman of the SCOTTISH EXPORT COMMITTEE.

*

LEIGH PAGE MANAGEMENT tha controlling company of Michael Page Partnersbip, bas appointed Mr Robert Walters a main board director.

*

Mr John E. Gordon bas resigned from the board of American Oil Field Systems following his appointment to the board of JACKSON EXPLORATION, INC. Mr M. S. Evans bas been appointed a director in his place.

*

Mr Alan A. Davenport has been appointed group managing director of CROSBY WOODFIELD.

*

Mr Marcus Turnbull, chairman and chief executive, and Mr Richard Barber, managing director, bave been appointed to the board of TIMESHARE HOLDINGS. Mr Neville Clifford-Jones and Mr Clive Beck, chairman and deputy chairman respectively of the SGB Group, bave been appointed directors. Also appointed to the board are Mr Colin Langley, Mr Christopher Bowman and Mr Guy Titley.

*

PARKE-DAVIS AND CO, a subsidiary of Warner-Lambert Company, has appointed Professor John Hughes to head the new Parke-Davis research unit in Cambridge. Professor Hughes' appointment as director will be effective on January 1. Until that time be will act as a consultant to the firm.

*

Dr D. W. Lincoln has been appointed a director of the MRC BIOLOGY UNIT in Edinburgb in succession to Professor R. V. Short who is resigning from the Council's staff to take up an academic post in Australia.

*

Mr E. W. Richardson (General Accident Group) bas succeeded Mr J. A. R. Moller (Lloyd's) as chairman of THE SALVAGE ASSOCIATION, having served as deputy chairman for two years. Mr D. B. Hill (Lloyd's) has been elected deputy chairman.

*

Mr Colin Wroath has been appointed director of marketing with TRANSINTERNATIONAL LIFE INSURANCE COMPANY. Mr Wroath was previously with Standard Life Assurance.

*

Mr Colin Stanley has been appointed chairman of the COMPUTER RETAILERS ASSOCIATION. Mr Stanley, who takes over from the retiring chairman Mr Ian Dunkley, is chairman of Brikat Developments Holdings group of companies, and is managing director of HB Computers and s director of Pegasus Software. He is supported by Mr D. Whitehead of Adda Computers as vice chairman.

*

ALGEMENE BANK NEDERLAND bas appointed Mr L. J. van Hellenberg Hubar as regional manager, UK and Channel Islands, to succeed Mr E. M. J. Besnard, formerly general manager.

*

At SELINCOURT Mr Denis Pick bas retired as group managing director. He is succeeded by Mr R. J. Cole, depnty managing director.

*

Mr David Dannhauser, financial controller of YOUNG AUSTEN AND YOUNG has been appointed to the board. The company is a member of the Trafalgar House Group.

*

SLAUGHTER AND MAY has appointed Mr M. G. C. Nicholson, Mr S. M. Edge and Mr N. P. G. Boardman as partners.

*

Mr Brian J. Cave, formerly director of the Foundry Industry Training Committee, has been appointed controller of EITB's Midlands region.

*

BRITISH CANADIAN RESOURCES has appointed Mr J. A. Leek to the board. He is director of Caparo Group which has purchased an additional 254,800 shares in British Canadian Resources making its total bolding 601,100 shares (12.2 per cent).

*

ALLIED TEXTILE COMPANIES has appointed Mr John Richard Wilson a director of H. F. Hartley, Bingley.

*

BANK OF AMERICA INTERNATIONAL has appointed Mr Graham Pooley an executive director. He will work with the bank's capital markets group in London. He joins from County Bank, where he was head of Eurosecurities syndications and trading.

*

Mr Sandy Blackie bas been appointed managing director of EXPORT SOFTWARE INTERNATIONAL — a new software publishing company established to promote UK software products in the U.S. He was manager of ICL's advanced software research and development centre at Dalkeith.

*

ILLINGWORTH, MORRIS has made the following appointments to the board of WOOLCOMBERS (HOLDINGS): Mr W. Brian Dunn; Mr William Gibson; Mr Guy S. Kitchen; Mr John A. Pulling; Sir C. Russell Sanderson; and Mr William Waterhouse.

*

Sir John Rodgers chairman of Radio Tele Luxembourg (UK) has been appointed a non-executive director of HISPANOIL (UK). Sir John has also accepted an invitation to serve on the British section of the European Cultural Foundation.

*

Mr Michael Bown has been appointed chairman and managing director, and Mr Jeremy Rogers depnty managing director of CONTESSA YACHTS (successor to Jeremy Rogers Limited), Lymington. Mr Bown was formerly international group president with Peabody International, the U.S. conglomerate.

*

Mr Keith D. Patten bas been appointed managing director of COMINCO (UK) following the resignation of Mr Donald M. Silver who will continue as chairman until his retirement on September 30.

*

Mr Brian Insch has been appointed non-executive chairman of GKN STEELSTOCK, with Mr Tom Baxter-Wright as managing director and chief executive. They succeed Mr Norman Richards who is leaving the company.

*

Mr James A. Cropper has been appointed a non-executive director of the EAST LANCASHIRE PAPER GROUP.

Optimism on changes to coffee pact

By Our Commodities Staff

THE International Coffee Organisation (ICO) remains confident of reaching agreement on changes to its pact in spite of having to postpone talks until its council's next meeting in early September, said West German trader Bernhard Rothfos.

Last week's ICO talks failed to reach agreement on the distribution of export quotas between the producer members of the group for implementation after September 1983. After the second self-imposed deadline — midnight on July 2 — passed without a consensus being reached, the council agreed to resume discussions in two months' time.

World market prices dropped yesterday on this news, coupled with trade house selling and long liquidation by commission houses that followed New York's weak close.

According to Rothfos, the market is currently oversupplied with 19.25m bags available for export under quota in the June-to-September period of this year compared with 16m bags in 1981. A cut in export quotas is seen as a likely result of this, said the trader.

West German beet area down

MANNHEIM — Suedzucker AG, West Germany's largest sugar producer, said the area it sowed with sugar beet for the 1982 season had fallen back to the 1980 level of 105,000 hectares from 116,800 hectares last year.

Total West German sugar beet area was provisionally estimated by the Sugar Industry Association in May at 426,000 hectares, down from 464,000 in 1981.

● President Fernando Terry said yesterday that Peru will resume sugar exports this week with an initial shipment of 7,000 tonnes. This will be the first shipment of sugar since 1979.

Reuter

New NZ butter row looms

BY LARRY KLINGER IN BRUSSELS

BRITAIN and France again seem to be lining up to do battle over continued EEC imports of New Zealand butter.

The complex and controversial question is to be taken up by the European Commission this week, with a proposal on the table that the EEC set the level of its preferential imports from New Zealand at 90,000 tonnes for 1983.

If the Commission accepts this figure, which is being suggested after talks at the weekend by the Commissioners' top political aides, both New Zealand and its prime EEC champion, Britain, will be pleased.

France, however, can be expected to oppose such a proposal when the EEC Council of Agriculture Ministers next discuss the issue, probably in September. Paris argues that it is folly for the butter-rich European Community to continue to accept imports in competition with its own producers.

Under a three-year agreement reached by the 10 EEC member-states early last year, the Commission is obliged to produce proposals for 1983 to the council for decision by October.

A Commission recommendation for 90,000 tonnes, following 94,000 in 1981 and 92,000 this year, would be in line with the expectations of both New Zealand and Britain following last year's Council decision.

The decision also established in principle that New Zealand would continue to receive a return on its exports of around 75 per cent of the EEC's guaranteed price for domestic production.

The three-year agreement was only reached, however, after France drew back at the last moment from exercising an outright veto and Paris is now again pressing its case against New Zealand.

France says that Britain, where the imports are basically landed, is itself approaching self-sufficiency in dairy products and that, in any case, the imports displace Community produce on the European market only to aggravate the EEC's overall problem of surplus output.

Britain, in addition to pointing to Europe's historical ties with New Zealand and to the fact that it has been a steadfast ally of the EEC on many issues, fully supports the country's case that only through co-operation between Brussels and Wellington, the largest and second-largest butter exporters respectively, can the world market be stabilised.

Clampdown on farm grants

BY A CORRESPONDENT

THE Ministry of Agriculture is trying to clamp down on farmers claiming cash grants for building and investment work done many years ago—before the First World War in some instances.

Farmers in many parts of the country have in the past 12 months started applying for grants on old works as the whisper has spread that money is available.

Claiming on old investments is not illegal, but recently the Ministry circularised divisional offices with detailed guidelines to ensure the rules are not being fudged.

The anomaly emerged from a major change in the administration of farm capital grants—which disperses over £100m a year to farmers—recommended by Sir Derek Rayner and introduced 20 months ago.

The change was the abolishing of the system of compulsory "prior approval," which was so costly in ministry time and labour, for farm investment grants.

In its place the ministry introduced an honesty system. The ministry said this week: "The idea was to give greater flexibility—to put the onus on the farmer. It is up to the farmer to ensure he complies with the regulations."

There has never been a time limit on applying for grants for farm improvements, but the old prior-approval system inevitably meant that farmers applied for grants soon after the work was completed. Now the farmer simply puts in a grant application for work done.

Very little of the work is inspected—again to save costs. At the time of the change, the ministry refused to divulge what proportion of jobs would be inspected, so as not to alert farmers who might try claiming. Ministry divisional offices still refuse to divulge how much grant work they are inspecting.

Some officials admit that the main reason for this reluctance is that farmers might be encouraged to cut more corners if they knew how lax was the policing of grant applications.

It is known that applications are being put in for work never done. Some ministry divisional offices may soon launch prosecutions, mainly as a deterrent, for fraud and "knowingly and recklessly making false statements."

Carlisle ministry official Mr George Keir said this week: "Claims for work done 10 years ago are not uncommon." He said he knew of claims made on work done before the First World War. But there were not many, he said.

"Farmer have twigged to the fact that they can claim grants on work done many years ago. In a time of recession this is seen as an excellent way to improve the cash flow."

Another attraction of the system is that the grant is paid on the current standard cost of the work, not the standard rate cost of the work when it was done.

The standard-cost system allows farmers to apply for grants without producing bills or receipts. The farmer, who may do the work himself, may opt to be paid on a schedule of standard costs for farm improvement work.

Ministry officials are trying to stifle another rumour that anyone buying a farm can claim grant on work done by the previous owner.

Eastern selling depresses tin price

By Our Commodities Staff

TIN PRICES fell again on the London Metal Exchange (LME) yesterday following heavy selling in Penang ahead of planned International Tin Agreement export curbs. ITA buffer stock buying kept the Penang price at the pact's floor level of 29.15 Malaysian ringgits but in London the cash tin price fell £70 to £6,640 a tonne.

In Kuala Lumpur Datuk Paul Leong, Malaysian Primary Industries Minister, said sharp cuts in tin export quotas set by the International Tin Council (ITC) would cause social and economic hardships in Malaysia's tin industry but were necessary for long-term survival, reports Reuter.

The ITC agreed last week that exports will be cut to 23,000 tonnes over the next three months, 36 per cent below normal levels.

The measures, aimed at boosting depressed prices and reducing a large world tin surplus, will mean more mine closures and laid-off workers, he told a news conference.

"This has to be seen in the context of the overall well-being of the industry, the nation and the general welfare of the mine workers over the long term," he said.

Export controls could continue into 1984 because of the present recession, the market surplus — put at 65,000 tonnes — and the likely continued disposal of U.S. stockpiled tin, he warned.

● London Metal Exchange stocks of tin rose 7,210 tonnes to 42,130 tonnes last week. But copper stocks fell 1,300 tonnes to 143,075 tonnes.

Lead and zinc stocks were up 150 tonnes to 100,700 and 975 tonnes to 64,375 respectively. Silver stocks also rose, by 800,000 troy ounces to 36.46m. Aluminium stocks were 4,500 tonnes down at 216,500 and nickel stocks 222 tonnes down at 1,794.

ROYAL AGRICULTURAL SHOW

Cresson stands firm

FRANCE IS not vetoing Spanish EEC entry, only waiting for certain problems relating to Mediterranean products to be resolved, its Farm Minister claimed yesterday. "This," said Mme Edith Cresson at the Royal Agricultural Show, "could take some time."

There were also certain problems between the UK and France, she continued.

"They concern wine, which you overtax, and the prohibition of the import of poultry and milk on health grounds."

Both these are now subject to a ruling of the European Court. She was sure that Britain would obey the court's ruling, if it went France's way.

She denied that Community food production was in excessive surplus. It was desirable to have security of food supply, she argued, and you could not have that without a small surplus anyway. She brushed aside criticism of the costs of surplus disposal as being a small price to pay for food security.

She said national aids were the responsibility of a previous French Government, and that those that she had instituted had the approval of the EEC Commission, and simply took the place of EEC funds which were received by Dutch and German farmers.

She supported the principle of unanimous voting in the ministerial councils. The fact that this was abandoned at the recent price fixing was justified, she said, because the British were mixing it with the budget issue.

And what about the budget cost? I asked her. That was not an agricultural question, she said.

Budget considerations were not paramount in the speech of Mr Peter Walker, Minister of Agriculture, either when he opened the show.

He rejected the view that, because the Community was over-producing some commodities, it was wrong for British agriculture to expand. It was essential, he said, in our national interest to produce as much of the food we needed as could be produced economically in this country, and that an export trade should be built up for agricultural products.

He expanded on this later: "If you are a 25 per cent food-importing country, you are entitled to fill that gap." This seemed to be a return to his advocacy of a policy of national responsibility for food production, which he used to propagate some months ago.

On the show itself, there are reports of a quickening interest in farm supplies—a sign, perhaps, of a renewed confidence among farmers. It is believed that sales of tractors and other equipment could be substantially up on last year's very low figures.

This year's show is bigger and more confusing than ever.

The trade stands range from double-glazing to wine, to the largest tractors and combine harvesters — so expensive that they require the ministrations of a full posse of bankers to facilitate purchases.

Anyone who thinks that farmers are hard up has only to stroll down the bankers' row where customers are seduced with tea and harder stuff into extending their overdrafts. In the bad (or were they so bad?) old days, farmers used to try to entertain bankers.

It all makes for a good day out and if you wish to see everything it would take you until Thursday, when the show closes.

Devon meat co-op freezes debts

NORTH DEVON MEAT, the giant meat marketing co-operative with reputedly the largest throughput of livestock in the country, has decided on the drastic action of freezing the drastic action of freezing its debts to ensure its survival.

The company, which employs some 450 people, mainly at Torrington in North Devon, was the second largest of any kind in the far west in 1980, according to its last balance sheet published in May 1981. It showed that the company sold £57m-worth of meat of which nearly £23m, or 40 per cent of total sales, were in exports, mostly to France.

The accounts for 1981 are five weeks overdue and a circular letter to the 5,000 members of the co-operative has left them in no doubt as to the seriousness of the situation. A substantial loss is forecast against a £621,234 profit in 1980.

The action proposed by the co-operative is a moratorium on all debts outstanding on June 25 this year. This includes many thousands of pounds in payments to farmers for their livestock.

Livestock and other items received between June 27 and July 2 will be paid for in full, the money coming directly from the sale of meat products.

For its part, the co-operative promises to pay for all animals within 48 hours of slaughter—a move obviously aimed at boosting confidence in the organisation.

At the same time the workforce will be streamlined, though no details have been published so far.

Chairman George Harris, a local farmer, has told members in the circular letter, posted during the weekend, that the situation is so serious that it could threaten the whole livestock market in Devon and Cornwall.

"Prompt and positive action is necessary to ensure the future survival of the company." Directors, said Mr Harris, were aiming at a significant reduction in operating costs and employees.

North Devon Meat was started by a small group of local farmers in 1961. In its first year, it dealt with 48,000 head of livestock.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	32.00	+0.03
Iranian Light	31.00-31.25	+0.09
Arabian Heavy	29.75	+0.05
North Sea (Forties)	33.75-34.00	—
African (Bonny L'ht)	34.50-36.00	+0.25
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	343-348	+0.5
Gas oil	272-281	+1.0
Heavy fuel oil	165.50-173	+0.25

GAS OIL FUTURES

A quiet physical market and a holiday in New York contributed to a very quiet market lacking any real direction, reports Premier Man.

Turnover: 580 (944) lots of 100 tonnes.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
July	280.50	+0.75	280.75-80.00
August	283.75	+1.00	284.00-82.25
Sept.	285.00	+1.25	285.00-83.25
Oct.	287.75	+0.50	287.75-86.50
Nov	290.00	+2.50	—
Dec	291.75	+2.50	292.00-91.00
Jan.	294.50	+2.75	—
Feb.	294.50	—	—
March	295.50	—	—

GOLD

Gold rose $2¼ an ounce from Friday's close in the London bullion market yesterday to finish at $314¾-315¾. Trading was extremely quiet with the closure of U.S. centres and after opening at $315-316, the metal traded within a narrow spread of $314¼-$316¼.

In Frankfurt the 12½ kilo bar was fixed at DM 25,180 per kilo ($316.82 per ounce) against DM 24,940 ($315.02) previously and closed at $315-315¾ from $312¾-$313¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar $315.50.

In Paris the 12½ kilo bar was fixed at FFr 69,000 per kilo ($312.91 per ounce) in the afternoon compared with FFr 69,000 ($312.93) in the morning and FFr 68,000 ($309.30) on Friday afternoon.

In Zurich gold closed at $315¼-$315¾ from $313-316.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	£ per troy ounce		
August	183.25-3.40	+1.075	183.75-3.10
Sept'mb'r	184.65-5.10	+0.550	—
October	186.60-5.30	+1.000	—
November	188.00-8.30	+0.500	—
December	189.70-8.20	+0.700	—
January	191.30-1.80	+0.700	—

Turnover: 109 (980) lots of 100 troy ounces.

GOLD MARKETS

	July 5		July 2	
Gold Bullion (fine ounce)				
Close	$314¾-315¾	(£181½-182)	$312½-316½	(£180½-181)
Opening	$315-316	(£181½-182)	$313½-314½	(£180-180½)
Morning fixing	$315.50	(£181.897)	$312	(£180.331)
Afternoon fixing	$315.25	(£181.753)	$312.75	(£180.519)

Gold Coins July 5

BRITISH COMMODITY MARKET

BASE METALS

COPPER, TIN, LEAD, ZINC, ALUMINIUM, NICKEL

SILVER

Silver was fixed 5.8p an ounce higher for spot delivery in the London bullion market yesterday at 343.9p. U.S. cent equivalents of the fixing levels were: spot 596.5c, up 8.8c; three-month 619.2c, up 10.2c; six-month 641.2c, up 10.4c; and 12-month 686.8c, up 11.4c. The metal opened at 344-347p (597-600c) and closed at 343-346p (596-599c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	343.90p	+5.80	344.5p	+3.25
3 months	354.60p	+6.25	354.6p	+2.6
6 months	364.10p	+6.55	—	......
12 months	385.60p	+7.85	—	......

LME—Turnover 89 (149) lots of 10,000 ozs. Morning: cash 343.8; three months 355.0, 54.2. Kerb: three months 354.0, 54.5, 55.0. Afternoon: three months 356.0. Kerb: three months 354.2.

COCOA

Futures were dull in thin volume while New York was closed. Actuals business was quiet with both producers and consumers sidelined, reports Gill and Duffus.

COFFEE

GRAINS

TEA AUCTIONS

RUBBER

The London physical market opened slightly lower, attracted little interest throughout the day, and closed very quiet. Lewis and Peat recorded a July fob price for No 1 RSS in Kuala Lumpur of 198.0 (199.5) cents a kg and SMR 20 173.5 (174.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Aug	50.40-50.70	50.40-50.80	—
Sept	51.10-51.40	51.20-51.50	—
Oct-Dec	53.00-53.70	53.00-53.80	53.80-53.60
Jan-Mar	56.00-55.90	56.10-56.30	56.00-55.80
Apl-Jne	58.50-58.50	58.30-58.30	—
Jly-Sept	60.90-61.00	61.10-61.30	60.70
Oct-Dec	63.00-63.60	63.80-63.90	63.40
J'n-Mch	65.30-66.00	66.10-66.20	65.70
Apl-Jne	68.00-68.30	68.30-68.40	68.00

Sales: 96 (63) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.00p (same); Aug 52.00p (52.25p); Sept 52.25p (52.50p).

SOYABEAN MEAL

The market opened about 50p lower in dull conditions and remained at this level, reports T. G. Roddick.

SUGAR

WOOL FUTURES

POTATOES

JUTE

COTTON

PRICE CHANGES

In tonnes unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

Australian wool price up

CANBERRA—The Australian wool floor price in the 1982/83 selling season to June 30 will be 422 cents a kilo (clean) compared with 410 cents in the season just ended, Mr Peter Nixon, the Primary Industries Minister, announced here yesterday.

The price is the main benchmark for Australian Wool Corporation (AWC) intervention buying and the new level is in line with industry recommendations to the minister.

AWC chairman Mr David Asimus said in Melbourne the increase was modest and reflected the current economic circumstances of the industry.

Economic conditions in the principal wool consuming countries made it possible that the AWC would have to buy significant quantities of wool in the coming season, he added.

He pointed out that the overall floor price was an average and that the new floors for individual wool categories varied considerably.

In Auckland, meanwhile, the New Zealand Wool Board chairman, Mr Doug McIlraith, said Argentine price cutting had significantly reduced New Zealand's wool exports to the Soviet Union and China.

Average prices for the different types of New Zealand wool exports this year ranged from 269 to 369 New Zealand cents a kilo. Argentina was undercutting New Zealand prices by about one New Zealand dollar a kilo, he said, adding this was "a real worry" for both New Zealand and Australia.

He declined to detail the extent to which exports had been hit, but said it was "considerable."

Reuter

U.S. markets were closed yesterday for the Independence Day holiday.

Texas cotton crop damaged

WASHINGTON — U.S. Agriculture Department experts estimate that 75 per cent of the 4.2m acres Texas cotton crop had sustained substantial damage by June 25 after heavy rains and hail.

Further losses are expected as the rains and hail continued last week, said Mr John Ford, Deputy Assistant Agriculture Secretary, who had just returned from a trip to assess the extent of the damage in the Texas High Plains.

Texas usually accounts for about 40 per cent of total U.S. cotton production and 60 per cent of total U.S. cotton exports.

Argentina is expected to produce about 135,000 tonnes of lint cotton in 1982-83 (August-July,) down from the 150,000 produced in 1981-82, the U.S. agricultural attache in Buenos Aires said.

In a June 21 field report, the attache said while cotton seedings were expected to increase to 450,000 hectares in 1982-83 from the 400,000 planted in 1981-82, yields were likely to return to a more normal level after benefiting from extremely favourable conditions this year.

Cotton exports in 1982-83 are forecast at 60,000 tonnes, up from 55,000 in 1981-82, the report said.

Brazil will produce about 640,000 tonnes of lint cotton in 1982-83, up from the 593,000 tonnes produced in 1981-82, the U.S. agricultural officer in Sao Paulo said.

Domestic consumption was forecast at 575,000 tonnes in 1982-83, up from 565,000 tonnes the year earlier, he added, while cotton exports were put at 20,000 tonnes in 1982-83, compared with 30,000 tonnes in 1981-82.

Reuter

EUROPEAN MARKETS

MEAT/FISH

WORLD STOCK MARKETS

Tokyo continues uncertain

TYPICALLY SLOW Monday trading and continued uncertainty over charges of industrial espionage against soms Japanese computer makers drove the Nikkei Dow Index down to 7,081 in Tokyo on trading of 140m shares.

Hitachi, however, stabilised at a low Y565. The California trial of Hitachi on charges of stealing IBM computer secrets has continued to keep investors out of High Technology stocks, one trader said. Nobody wants to buy the stocks when there is uncertainty over what other information will come out of the FBI's investigation.

Despite the market's continued aversion to High Technology shares, many of the stocks that suffered severe declines in recent days seemed to have been groping for a bottom.

Green Cross lost Y10 to 1,950—it plunged on Friday in reaction to a rumour that it may be under investigation by the FBI.

Mitsubishi Electric were off Y2 at 23—it announced recently that it would negotiate with the Justice Department to avoid a lengthy trial over charges that it stole IBM screts.

Bargain seekers, deterred by the softness among Blue Chips, were looking for lesser-known issues, one trader said. Popular stocks in recent trading include Keisi Electric Railways, Riccar and Teikoku Oil, he said.

Canada

Prices continued mixed in light trading at mid-session yesterday, with the Toronto Composite Index off 0.2 at 1,359.7.

Eight of the 14 major indices were lower, led by weakness in the Real Estate and Construction Index, which was off 44.6 to 2,880.2. The Oil and Gas Index was down 20.8 at 2,373.4 but the Metals and Minerals Index, however, was up 15.3 at 1,198.

Wall Street was closed yesterday—Independence Day. (In lieu of July 4).

Australia

Share prices fell slightly in quiet trading as markets reacted to a lack of overseas interest.

Concern about U.S. interest rates and the outlook for U.S. Corporate profits in the second quarter were bearish factors, while the U.S. Independence Day holiday kept overseas interest to a minimum.

The All Ordinaries Index eased 2.2 to 460.7.

Market leader, BHP, mirrored the latest news of cut-backs in its steel division, falling to a new 1982 low of A$6.86 before recovering to A$6.90.

Over the weekend BHP announced that it plans a major restructuring that involves a 25 per cent cut back in its workforce.

Among other Heavyweights CSR traded at a new 1982 low of A$2.58—it was also in the news with reports of negotiations for its long term financing of Delhi.

It is believed that CSR is set to go to the Eurobond Market for a A$75m loan for extra working capital.

Among Oils, Vamgas were 10 cents down at A$6.50, Santos 5 cents at A$4.65 and Hartogen 5 cents at A$1.95.

Take-over prospect H. C. Sleigh closed steady at A$1.15 as 1.3m shares changed hands.

Germany

Leading shares closed mixed after a quiet session in which price movements were largely determined by the random pattern of orders.

Uncertainty about the outlook for the economy and interest rates is continuing to deter investors and preventing a broad market advance, dealers said.

As the Commerzbank Index fell 2.8 to 685.7, Commerzbank itself rose DM 0.50 to 135 and Deutsche DM 2.20 to 265.30, but Dresdner shed DM 1.10 to 136.90. Preussag were in demand and rose DM 3.7 to 188.2 ahead of its dividend payout this week.

AEG shed DM 0.50 to 33.10 but dealers said the price was supported by hopes of a new link up with German firms.

Steels were easier.

In Engineerings, KHD rose DM 2 to 186 and Linde DM 1.90 to 287, but Deutsche Babcock shed DM 2 to 188.

Buyers, discouraged by firming Money Market rates, largely watched Monday's Bond Market from the sidelines as the number of offerings grew.

Public issues typically lost as much as DM 0.70 and gains of up to DM 0.20 were the exception.

Paris

Share prices moved higher across a broad front in a calm session in the absence of any stimulus. Advances led declines by a ratio of two-to-one.

Market analysts were generally surprised at the market's resilience, especially in view of economic forecasts issued in the past few days indicating that Industrial Output will continue to stagnate in the coming months.

Rubbers and Transportations were mostly weak, however, and some scattered declines were observed among Portfolios and Electricals.

In firmer Engineerings, Dassault increased FFr 27 to 510 following Friday's statement by its chairman that Dassault hoped to improve its profitability this year.

Switzerland

Share prices closed barely steady, but were above earlier lows due to some short-covering late in the session.

Gloomy economic prospects continue to overshadow markets operators said. Some are hoping for a decline in U.S. interest rates, which could provide a new incentive in early autumn.

Swissair retreated SwFr 12 to SwFr 660 on news that demand for the company's flights did not improve in May.

Some Banks eased, such as Baer Holding and Union Bank of Switzerland, but Credit Suisse and Swiss Bank gained ground after being narrowly lower earlier.

Buehrle retreated in Financials, and Motor Columbus also eased, but Elektrowatt, Forbo and Holderbank each rose.

Hong Kong

Stocks closed at the lower end of a narrow trading range, while the market was quiet throughout the day due to a lack of fresh incentives.

Investors were reluctant to enter the market ahead of the closure of the U.S. Stock Exchanges for the Independence Day holiday.

The Hang Seng Index was off 7.58 at 1,266.71.

Singapore

Depressed by Wall Street's decline Friday, share prices slipped Monday in thin trading.

Selected Banking shares and the odd Blue Chip were the bearish features.

Milan

Share prices fell slightly in extremely thin trading. The only bright spot was an early interest in shares of the Pesenti Group Holding Company Italmobiliare, which nevertheless ended the day down from the Friday level.

Industrials and Financials slipped slightly, while among Insurance shares RAS, the second-largest issue, continued to decline well into after Bourse trading.

Johannesburg

Shares of Gold Mines affected by current unrest eased slightly in a dull and narrowly mixed market, after showing no reaction in early trading.

Among them, Ruffels shed 50 cents to 2,850 cents and Driefontein 35 cents to 2,000, but Kloof held steady at 2,475.

Indices

NEW YORK —DOW JONES

N.Y.S.E. ALL COMMON

July 2	July 1	June 30	June 29	1982 High	1982 Low
61.99	62.51	63.02	63.28	71.20 (4/1)	61.73 (21/6)

Rises and Falls

Issues Traded	1,722	1,800	1,855
Rises	306	460	801
Falls	857	910	603
Unchanged	456	430	451
New Highs	—	14	29
New Lows	—	59	37

MONTREAL

	July 2	July 1	June 30	June 29	1982 High	1982 Low
Industrials	252.58	(c)	254.02	256.59	332.73 (4.1)	248.68 (21/6)
Combined	257.84	(c)	259.51	240.85	316.82 (4.1)	257.27 (21/6)
TORONTO Composite	1356.9	(c)	1366.6	1366.9	1956.3 (4.1)	1355.7 (21/6)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Sony	1,973,100	12¾	−⅜	Schlumberger	507,800	35½	−1⅛
Tesco	708,000	13⅞	+⅜	Intl. Min.	492,900	25½	−⅛
Exxon	652,700	27⅛	−⅛	Citicorp.	432,900	25⅝	—
Superior Oil	581,300	29	+1⅛	Amer. Express	411,800	38½	−1⅛
Kerr McGee	530,500	31¼	+1⅞	ATT	381,200	50¼	−⅜

How high-technology spies work in Silicon Valley

By Louise Keyhoe in San Francisco

THE MOST dramatic industrial espionage case in the history of Silicon Valley, the North California heartland of the U.S. electronics industry, has highlighted the major security problems facing American high technology companies.

Senior executives of Hitachi and Mitsubishi, the Japanese electronics corporations were arrested in California two weeks ago and accused of conspiring to steal and transport to Japan trade secrets belonging to International Business Machines.

Affidavits filed by the Federal Bureau of Investigation agents who worked on cases involving both companies show that the FBI set up an undercover operation in which its agents posed as business consultants. The affidavits talk of clandestine meetings in Silicon Valley, Las Vegas and Honolulu between the undercover agents and the accused.

According to the FBI, "consultants" were paid to obtain IBM secrets not available by legal means.

Hitachi have said it "strongly believes that neither it nor its indicted employees have engaged in illegal activities and this will become clear in due process." Presentation of charges against four employees of Mitsubishi were postponed on Thursday at the request of the company.

The arrests shocked Silicon Valley because of the number of accused, their high rank and the fact that they worked for two of the most respected Japanese companies in the electronics business.

But the nature of the alleged crime will have caused little surprise. Industrial espionage is believed to be rife in Silicon Valley.

Mr John Shea, a consultant to the U.S. Department of Defence on intelligence matters, said that U.S. companies had been stealing secrets among themselves for years.

Quantifying the extent of the spying is impossible but Mr Joseph Chiramonte, a senior agent working on the IBM case, says: "We considered industrial espionage to be enough of a problem to invest in an undercover operation to investigate it. We are working on other, unrelated cases and we anticipate further prosecutions."

He says the FBI has greatly increased its operations in regions of the U.S. that have a big concentration of high technonogy companies. Apart from Silicon Valley, it now has people specialising in industrial espionage in Tucson, Boston and Idaho.

The dividing line between illegal spying and the perfectly legitimate gathering of information on rivals' products is not always easy to draw.

According to the Central Intelligence Agency, numerous foreign countries, particularly Eastern Bloc ones, are very active in legitimate information gathering "anywhere in the U.S. where there is a concentration of high technology industry."

The Soviet consulate in San Francisco is believed to have about 70 resident officers, most of whom are engineering, maths or science specialists. Other diplomatic missions here only have about 20.

A recently declassified Central Intelligence Agency report on the Soviet acquisition of western technology says that the Russians have a "massive, well planned, and well managed national level programme" of legal and illegal intelligence gathering operations in the U.S. directed at high technology.

"The Soviets probably will continue to make their highest priority the acquisition of western microelectronics and computer technology for in-flight guidance computers," says the CIA report. It specifies areas of particular interest to the Russians as semiconductor chip technology and IBM computer technology.

What are the methods—legal and otherwise—used to spy on the U.S. electrooics industry? For the most part they are simple. "The people involved in this technology love it. They love to talk about their jobs," explains Mr James Pooley, ao attorney specialising in trade secrets litigation. "Friday night bar talk can be a major source of information," agrees Mr Shea.

Defence lawyer leads Japanese defendants into a court hearing in San Jose, California, last Thursday

A more sophisticated method of finding out about a particular compaoy or technology is the "employment add." The "spy"—be be acting on bebalf of a foreign country or a competing U.S. company—takes out a job advertisement in the local paper soliciting applications for experienced engineers and offering interviews in a local hotel on certain dates. At the interviews, the applicants will talk about the jobs they are currently doing, and unwittingly give away secrets. From such snippits of information, the professional spies build up "intelligence mosaics." Fitting all the small pieces together may produce a big picture.

Other possibilities are bribery, blackmail or for an individual on one company's payroll to take a job at a competing company where he acts as a spy, feeding information back to his "other" employer.

Pilfering of computer parts — especially semiconductor chips—by company employees is almost impossible for electronic companies to detect, or prevent. "It is very difficult to protect property that can easily be removed in a purse or a pocket," points out Mr Cbiramonte of the FBI.

While most of the thefts of semiconductor chips are small—a pocketful of the right parts could be worth several thousand dollars — tbe total value of devices stolen from chip makers in Silicon Valley is estimated by local sheriffs to be worth $20m per year on average. One of the latest major incidents was a theft of $2.7m worth of devices from Monolithic Memories Inc. Those charged with the theft include a security guard working for the company.

Security guards posted on entrances and exits and employee identificatioo tags are the common security measures used by U.S. electronics companies, but they should do more, some suggest. "Companies don't pay as much attention to security as they should," says Mr Pooley.

"Short of having strip searches at every door there is little more that we can do to protect our property," argue the companies. "The only real answer is to depend upon the honesty and loyalty of our people," says a spokesman for Advanced Micro Devices, a semiconductor chip manufacturer. "But you cannot expect loyalty without giving it too—that is why we have had a policy of no layoffs throughout this recessioo. We believe that we have developed a group of very loyal people who will not sell out."

But company loyalty is not usually strong in the semiconductor industry. Senior executives and engineers as a general rule switch jobs frequently.

Probably the commonest form of obtaining trade secrets is hiring employees away from a competitor. As maoy as 50 trade secrets suits are filed in Santa Clara County, California, alone per year by companies alleging former employees have misappropriated trade secrets, according to Mr Pooley.

Recent examples of these actions have been suits filed by Intel, and similarly by National Semiconductor against some of its ex-employees. The National suit was settled out of court last month.

While the major companies commonly have their employees sign agreements not to disclose proprietary information should they leave the company it is, suggests Mr Pooley, difficult to protect "intellectual property."

In some cases agreements not to work for competitors are written into employment contracts, but the legality of such contracts has not been well established. In California they are illegal—making it a haven for technology specialists who do not want to be tied too tightly to one company.

However, some industrialists argue that the practical implications of industrial espionage can be exaggerated. "In the computer industry the technology changes so fast that it is hardly worth finding out what competitors are doing prior to their announcing a product," comments a spokesman for Control Data Corporation in Minneapolis. "People in this industry cannot afford to waste the time and effort involved in finding out about other company's products—they are too busy developing the next product of their own."

Richard Lambert on reactions to the latest SEC innovation

Brokers want to shelve Rule 415

TOP INVESTMENT bankers and brokers from across the country trooped down to Washington last week to testify in front of the Securities and Exchange Commission on what has become the hottest regulatory issue in the securities market: the SEC's Rule 415. The subject may sound obscure—the so-called "Shelf registration" of corporate securities—but there is no doubting the passion which it has raised.

Thus Mr John Whitehead, senior partner of Goldman Sachs, said recently that Rule 415 was "threatening to return us to the jungle environment of the 1920s." Mr John Gutfreund, chairman of Salomon Brothers said the rule raised fundamental questions about the structure and functioning of the securities distribution system. Some of the regional brokers have argued that it could undermine the whole process of capital formation in the U.S.

The rule was introduced last February on a nine-month experimental basis, and was intended to simplify the process of issuing securities. Instead of having to go through the costly and time-consuming process of registering separately with the SEC every time they come to the market, most issuers are permitted under Rule 415 to make a "shelf registration" in which they can indicate the amount of debt or equity which they might reasonably hope to sell in the following two years. That done, they can take all or part of an issue of the shelf at a moment's notice, and sell the securities in any way they choose.

The main reason the rule has caused such a stir is that it gives an issuer a whole new range of options when it comes to selling and distributing the securities. The issuer might choose to follow the traditional path, syndicating the deal among a range of underwriters and negotiating the price at the end of the selling period. On the other hand, he could solicit firm bids to purchase the securities in advance, along the lines of a "bought deal" in the Euromarket. An aggressive underwriter, knowing the issuers' financing needs, could come in and make an unsolicited bid for the stock from out of the blue.

In either case, the manager might choose to underwrite the entire issue, or share it with an underwriting syndicate or selling group.

Then again, the issuer might decide to sell the securities direct to investing institutions, or to dribble them out on to the market by operating a tap system.

So the rule threatens far-reaching implications for the traditional relationships between issuers and their investment banks and underwriting syndicates. Long client lists and cosy understandings seem vulnerable in this competitive new world. Syndication business, a vital source of income to many regional brokers, also appears to be under attack.

The tone of last week's evidence showed that half-way through the trial period there is still a great deal of hostility to the new rule.

Mr Whitehead claimed that Goldman Sachs had not itself been damaged by the innovation: with its long client list, it had been singled out of as an obvious target for attack by less well-established firms. He told the SEC that his firm had acted as a managing underwriter for over half the $12.3bn in debt securities so far registered under the rule, which was a lot greater than its traditional share of the market.

But he still opposed the rule on the grounds that it was "not fair to investors." He said that in recent years "the registration process has been speeded up to the point where investors simply no longer get the information and opportunity they need to make a sensible decision. Rule 415 only adds to a dangerous trend already underway."

Mr Whitehead made some crisp comments about the inadequacy of the recent A T and T prospectus (although not, of course, about Morgan Stanley which produced it). In addition, he said that a number of recent large offerings — including the Pepsico, Houston Industries and telephone sales — had not been sold on a fixed basis. This had lead to two-tier pricing — one for large institutions and a higher price for everyone else —which in turn eroded public confidence in the market.

There were other drawbacks, he said. Already there was an overhang of $10bn of shelf registered debt securities which could be sold at a moment's notice, along with any number of unsold telephone shares. In addition, underwriters were finding they needed a lot more capital to do their job under the new rule. Both developments threatened to increase spreads in the secondary market, and to have an adverse impact on liquidity.

Mr John Gutfreund, chairman of Salomon Brothers, pictured right, warned that by further diluting the underwriters' due diligence function and virtually eliminating forward financing calendar, Rule 415 could substantially impair the ability of investors to make informed decisions.

Salomon Brothers' Mr Gutfreund also made his pitch on the issue of investor protection. He warned that by further diluting the underwriters' due diligence function and virtually eliminating a forward financing calendar, Rule 415 could substantially impair the ability of investors to make informed investment decisions.

Mr Gutfreund suggested that the underwriting of primary shelf offerings would become concentrated in the hands of a few well-capitalised national firms that could deal quickly and in size with major institutional investors. "I think such a development would be very unhealthy for the long-term interests of issuers as well as investors," he warned the SEC.

The regional brokers did not strike a similar note of lofty detachment in their evidence: they have too much to lose. Sutro and Co., a large San Francisco firm, said it knew of 10 public offerings which had come to market under the new rule. If traditional relationships had applied, it would have expected a slice of every deal. As it was, it had not been asked to underwrite a single one of them—which had cost it a total loss in revenues of $80,000.

Stifel Nicolaus and Co. of St Louis reckoned the rule had cost it $70,000 in lost commission income. "In order to compete under Rule 415, a regional firm must be ready to take stock in size and on very, very short notice, which requires greater capital and risk," the firm said. "Additionally, retail customers will not have regular access to syndicate product—and on the occasions when they do it will be on less attractive terms."

Not all the witnesses opposed the rule, but the source of some of its support could only have added to its critics' misgivings. Mr Donald Howard, an executive vice-president of Citicorp, was keenly in favour of the idea. As an issuer, he said, "it has allowed us to do things faster, cheaper, and with a lot less strain."

This enthusiasm must be alarming for those who see Rule 415 as threatening a further erosion of the Glass-Steagall restrictions, which keep commercial banks out of the investment bankers' patch. What would happen if an aggressive outfit like Citicorp made an unsolicited bid for an issuer's debt security, promising at the same time not to resell it to the market? Would that be any different from offering the issuer a bank loan? The thought sends shivers through the investment banking community. Some will reason that if Citicorp wants Rule 415, then that is a good enough reason for opposing it.

The fact is, though, that the rule has not really been given a fair trial so far.

Mr Thomas Saunders, a managing director of Morgan Stanley, said there was not enough evidence as yet to form any final conclusions. His firm retained lots of doubts about the new rule, but thought that the trial period should be extended. The SEC might well go along with that view: it is the kind of controversial decision that anyone would want to put off for as long as possible.

A$150m Australian property share offer

By Our Financial Staff

STOCKLAND TRUST, an Australian property owner and manager, will make today a A$150m (U.S.$153m) share issue which is believed to be a record for the country's equity markets.

It will issue 150m, A$1 shares at par and it reserves the right to issue a further 10m if sufficient subscriptions are received.

The newly-formed trust will acquire the assets of Stockland Property Trust which will be wound up because tax law changes would have substantially increased its tax liabilities.

Most of SPT's properties are in the Sydney area. About one-fifth are office blocks and the balance mostly shopping centres.

SPT was set up two years ago by acquiring the assets of Stocks and Holdings, a property developer, to benefit from the tax free status of trusts.

A number of other trusts were established around the same time. As a result, the Government changed the tax laws because it feared that industrial companies with large property interests would take advantage of the trust system.

Genuine property trusts such as Stocklands have been forced therefore to restructure to retain their tax free status.

The wind-up of STP will result in a distribution to its shareholders in September of A$1.82 a share.

The new company plans an initial dividend of not less than 12 cents a share.

Earnings slide at American Standard

By Our Financial Staff

THE U.S. recession is continuing to bite into profits of American Standard, the New York-based major manufacturer of transportation and building products. Mr William A. Marquard, chairman and president of the group, warns that second quarter profits have dropped to about 78 per cent of 1981's corresponding returns, adding that he doubts any turnround in the company's fortunes until 1984.

Second quarter earnings should equal the first quarter's $7.7m or 28 cents a share. The second quarter of 1981 produced restated net pofits of $34.2m or $1.25 a share. For the whole of 1981 earnings totalled $111m or $4.07 a share, well below the previous year's record $157m or $5.69 a share.

Mr Marquard also predicted that second quarter sales would not match the first quarter's $552.9m, which would mean a fall of at least 12 per cent from the $629.1m notched up in the second quarter last year.

Capital spending will be reduced to $125m, he added, from a previously planned $150m.

The chairman blamed the latest downturn in sales and profits on the American recession, compounded by a seven-month strike at two Pittsburgh railway product plants. Start-up costs after the strike settlement in mid-May affected the entire quarter. In addition, worldwide housing and mining equipment activity were particularly hard hit by the business slump.

Mr Marquard would not elaborte on earlier predictions that earnings for the whole of 1982 would be "substantially below" those in 1981. But he did say that second half figures should be better than those of the first and that he expects the net to equal the $2.20 a share annual dividend.

Direct State share stakes in Massey soon

By Robert Gibbens in Montreal

THE FEDERAL and Ontario governments will shortly become direct shareholders of Massey-Ferguson, the troubled farm equipment manufacturer.

Massey, with accumulated losses of around U.S.$800m since 1978, four weeks ago suspended dividend payments on preferred shares issued as part of the 1981 re-financing

The shares are held by major institutions, including several banks, and were guaranteed by the two governments.

The institutions have already given notice that they intend to turn their stock in for redemption. In return, the Federal Government will get a 7 per cent equity interest in Massey and the Ontario Government a 3.6 per cent interest

Massey hopes to save $48m in cash payments by suspending the dividends to help it overcome its latest cash crisis. The company showed a loss of $25.7m in the second quarter.

$75m Eurodollar bond issue launched for CSR

BY ALAN FRIEDMAN

A $75m SEVEN-YEAR Eurodollar bond issue is being launched for CSR, the Australian sugar, energy and raw materials group. S. G. Warburg is leading the offer, which bears a 16 per cent coupon at par.

The CSR deal appeared, as expected, in a lacklustre Eurobond market yesterday. Prices of most Eurodollar issues closed unchanged last night, and dealers reported little buying interest. This is despite the reasonably encouraging U.S. money supply figures for last week and a drop in the six-month Eurodollar deposit rate to 15$\frac{11}{16}$ per cent, down $\frac{1}{16}$ per cent on Friday.

Last week's brief attempt at a rally seems to have faded, and the New York bond market was inactive because of the U.S. holiday weekend. This made for a quiet day and resulted in mixed prices not only in the Eurodollar sector, but also in D-mark and Swiss franc foreign bond markets.

The new CCCE and British Columbia Hydro issues both changed hands at discounts of 2 per cent yesterday.

Daiwa Securities last night acknowledged it was having a few problems getting a $100m seven-year floating rate note for the Republic of Venezuela off to a flying start. The Venezuelan floating rate issue is indicated at ½ per cent above the six-month London interbank offered rate (Libor) and a number of prospective banks have turned down the deal.

Some bankers are still lukewarm about Venezuela in the wake of recent disagreements over the terms of a proposed $2.5bn jumbo credit. Daiwa says it will go ahead with the FRN issue, but admits its timetable will have to be altered.

In West Germany, a DM 75m private placement is being arranged for the Postmaster General of South Africa. The five-year paper bears a 10½ per cent coupon, reflecting the standard view on South African borrowings. Deutsche Bank is managing the placement.

It was reported yesterday that the coupon indication on Emhart's DM 100m seven-year issue through BHF Bank has been increased from 9¼ to 9½ per cent. The Emhart paper has been moving slowly at a discount of 1½ per cent.

In Switzerland, Kansai Electric is offering a SwFr 100m 10-year issue with a yield indication of 6¾ per cent. Union Bank of Switzerland is lead-manager.

In the European Currency Units (ECU) sector, Credit Foncier de France is raising ECU 40m with a seven-year issue bearing a coupon of 13¾ per cent and an indicated price of 99½. This suggests a 13.87 per cent yield. Banque Indosuez and Kredietbank are lead-managers.

● Credit Lyonnais and Kredietbank Luxembourg have measured new issue activity on the Eurobond market for the first half of this year and report that new issues totalled $25.26bn in the period to June 30, against $9.13bn for the same period last year. According to the banks, 319 issues were launched, against 141 a year before.

The U.S. dollar remained the most popular currency for borrowers, accounting for 84 per cent of the total amount raised. Euro D-mark issues accounted for just below 8 per cent of the total and those in Canadian dollars 4.2 per cent.

Among major borrowing regions, U.S. borrowers accounted for 31.5 per cent of the total funds raised, followed by Europe with 29.6 per cent, Canada 16.2 per cent, Japan 5.1 per cent, Mexico 4.8 per cent and Australia / New Zealand just under 3 per cent.

Hong Leong property unit ahead

BY OUR FINANCIAL STAFF

CITY DEVELOPMENTS, the listed property concern of the Hong Leong group of Singapore, has reported a 36 per cent increase in pre-tax profits for the six months ended April to S$18.2m (U.S.$8.5m) from last year's corresponding period.

King's Hotel, a unit of City Developments, reported a S$5.9m pre-tax profit, an increase of more than two and one-half times on that for the same period last year, despite a downturn in occupancy rates to 90.5 per cent from 94.5 per cent. This was in line with the industry-wide decline.

● UNITED OVERSEAS Bank, one of the top four Singapore banks, has bought Chase Manhattan's 42.5 per cent stake and Nikko Securities' 15 per cent stake in United Chase Merchant Bankers, making the Singapore-based merchant bank a wholly-owned unit of UOB.

UOB, which owned 42.5 per cent of the merchant bank before the purchase, paid S$2 a share, or S$11.5m (US$5.5m) for the Chase and Nikko stakes.

UOB said the acquisition was intended to be a long-term investment.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Closing prices on July 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 16 88/97 ..	150	101¼	101¾	0	+2¾	14.44
Amax Int. Fin. 16¼ 92	75	97½	98	+0⅛	+1½	16.88
Amex O/S Fin. 14¾ 88	75	94⅛	94⅝	+0⅛	+1½	15.61
ATT 14¼ 89	400	101¾	102¼	0	+1⅞	13.73
Baker Int. Fin. 0.0 92	225	†25⅞	26⅞	+0⅛	+1⅛	14.83
BHP Finance 14¾ 89 ...	150	94⅞	95⅜	+0¼	+1½	15.94
Bk. Amer. NT SA 12 87	200	89½	90	0	+1⅞	15.12
Bk. Montreal 14½ 87 ..	100	95½	96	−0⅛	+1⅛	16.28
Bque. Indo Suez 15 89	100	95¼	95¾	+0⅛	+1⅜	15.10
British Col. Hyd. 14¾ 88	200	96½	97	−0⅛	+1⅜	15.52
Burroughs Int 15⅝ 88	50	99⅝	100⅛	+0⅛	+1⅞	15.72
Canada 14½ 87	750	96⅝	97⅛	0	+0⅜	15.31
Canadair 15½ 87	150	99¼	99¾	−0¼	+0¾	15.92
Canadian Pac. 14¾ 92	75	94⅜	94⅞	−0¼	+1	16.71
Carolina Power 16½ 89	60	100½	101	+0¼	+2⅛	16.23
CIBC 16 87	100	100⅛	100⅝	−0⅛	+1⅛	15.80
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅛	+1⅞	14.79
Citicorp O/S 15½ 85/97	125	99¾	100¼	−0⅛	+1⅜	15.38
CNA 15⅞ 87	75	95½	96	−0⅞	+0½	16.62
Con. Illinois 15¾ 89 .	100	100	100½	+0⅛	+1⅜	15.92
Duke Pwr. O/S 15½ 89	60	94½	94⅞	−0⅛	−0⅛	16.84
Dupont O/S Cap. 0.0 90	300	34½	35⅛	0	+1	14.87
ECSC 14¾ 87 (April) ...	50	96½	97	+0⅛	+1⅜	16.71
ECSC 14¾ 87 (June) ...	30	96⅜	96⅞	—	—	15.75
EIB 15½ 89	150	99¼	99¾	+0⅛	+2½	15.57
Eksportfinans 14½ 89 ..	50	95⅛	95⅝	+0⅛	+2⅛	15.61
Gen. Elec. Credit 0.0 92	400	27⅜	28⅜	+0⅛	+1⅛	14.15
Gen. Elec. Credit 0.0 93	400	23⅞	24⅜	0	+0½	14.28
Getty Oil Int. 14 89 ...	125	96⅞	97⅜	+0⅛	+2⅜	14.89
GMAC O/S Fin. 16 98	150	100	100½	+0⅛	+2	15.95
GMAC O/S 15⅛ 86/97	100	98⅞	99⅜	0	+1⅜	15.63
GMAC O/S Fin. 15 89	125	96⅛	96⅝	0	+1⅜	15.84
GMAC O/S Fin. 15 87	100	98⅜	98⅞	+0½	+2	15.38
Gulf Canada Ltd 14¾ 92	100	95⅛	95⅝	+0⅛	+1⅛	15.66
Gulf Oil 14⅛ 94	175	97½	98	0	+1⅜	14.63
Gulf Oil Fin. 0.0 92 ...	300	27⅛	27⅝	+0⅛	+1⅛	14.30
Gulf States O/S 16 90	60	98⅜	98⅞	+0⅛	+1½	16.76
Int-Am. Dv. Bk. 15⅛ 87	55	98⅛	98⅝	+0⅛	+0⅛	16.06
Japan Dev. Bk. 15½ 87	50	101½	102	+0⅛	+1⅜	14.87
New Brunswick 16⅜ 89	75	101	101½	+0⅛	+2⅜	15.86
Ontario Hydro 14¾ 89 ..	150	97	97½	+0⅛	+1⅜	15.39
Pac. Gas & El. 15½ 89	45	100	100½	+0⅛	+1⅜	15.39
Phillips Petrol 14 89 .	200	94½	95	+0⅛	+1⅜	15.25
R.J. Rynlds. O/S 0.0 92	400	26⅞	27⅜	+0⅛	+1⅛	14.47
Saskatchewan 16 89 ...	125	101	101½	+0⅛	+1⅝	15.62
Shell Canada 14½ 92 ..	125	95⅛	95⅝	−0⅛	+1⅝	15.26
Spain 15¾ 87	100	98⅞	99⅜	−0⅛	+0⅞	15.96
Sugeriar O/S Fin. 14 89	125	93¾	94¼	−0⅛	+2⅜	15.48
Swed. Exp. Cr. 15⅛ 89	100	97⅜	97⅞	0	+0⅛	15.79
Swed. Exp. Cr. 14⅜ 90	100	93¾	94¼	0	+0½	15.15
Swed. Exp. Cr. 0.0 94	200	19⅝	20⅛	+0⅛	+1⅛	14.77
Texas Eastern 15⅝ 89...	50	101	101½	−0⅛	+1½	15.42
Union Carbide 14⅞ 89	150	96⅞	97⅜	0	+2⅜	15.42
Wells Fargo I. F. 15 87	75	97⅜	98⅜	−0⅛	+1⅜	15.56
World Bank 14½ 87	500	95⅛	95⅝	0	+1⅜	15.50
World Bank 15⅛ 98 ...	250	98¼	98¾	+0¼	+1⅝	15.63
Average price changes...On day +0⅛ on week +1⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9⅛ 92	150	98½	99	−0⅛	0	9.46
Australia 9⅜ 91	200	102⅝	103⅛	−0¼	+0⅛	8.93
Austria 8¾ 92	100	94⅞	95⅜	−0⅛	+0⅜	9.14
Barclays O/S In. 8⅝ 94	100	95⅛	95⅝	−0½	+0⅞	9.02
Bowater Int. Fin. 8½ 98	50	95½	96	—	—	9.39
Canada 8½ 89	200	100⅞	101⅜	−0⅛	+0⅛	8.27
Comp. Tel. Esp. 10½ 92	100	101	101½	0	+0⅛	10.27
Cred. Foncier 8¾ 92 ...	100	96⅜	96⅞	−0⅛	+0½	9.30
Denmark 10⅛ 92	100	101⅞	102⅜	−0⅛	0	8.74
EDF 9⅞ 92	100	100⅛	100⅝	0	+0⅛	9.78
EIB 8¾ 92	100	94⅞	95⅜	−0⅛	+0⅛	8.14
Int.-Am. Dev. Bk. 9 92	150	97⅜	98⅛	0	0	8.35
Nacnl. Financiera 11 90	150	96⅝	97⅛	+0⅛	+0⅞	11.61
Norsk Hydro 8½ 92	100	97⅝	98⅛	—	—	8.83
Philips Lamps 8½ 92 ...	100	97⅝	98⅛	—	—	8.83
Philip Morris 8½ 90 ...	100	99½	100	−0¼	+0⅛	8.29
Quebec 10⅛ 92	150	102⅝	103⅛	−0⅛	+0⅛	8.63
Renfe 10 92	100	99⅞	100⅜	−0⅛	+1⅛	9.97
SNCF 8⅜ 92	100	95⅞	96⅜	0	+1	8.23
Tauernautobahn 9⅞ 94	50	101⅞	102⅜	+0⅛	+0⅛	9.55
Tenneco Int. 9 92	100	97⅝	98⅛	—	—	9.34
World Bank 8½ 89	100	100⅝	101⅛	−0⅛	+0⅛	9.30
World Bank 8½ 92	200	96	96½	−0⅛	+0⅞	9.23
Average price changes...On day −0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	100⅞	101⅛	+0⅛	+0⅛	6.11
Asian Dev. Bank 7 92..	100	101⅛	101⅜	+0⅛	+1½	6.82
Aucalsa 7¾ 92	00	96⅜	96⅝	+0⅛	+1½	8.28
Austrelia 6½ 94	100	104¼	104⅝	0	+1⅛	5.95
BNP 6⅞ 92	100	97⅞	98⅛	—	—	7.03
Cse. Nat. l'Energie 7 92	100	101	101¼	−0¼	−0⅛	5.83
CFF-Mexico 8⅛ 92	50	97½	98	+0⅛	+0⅛	6.59
Co-op. Denmark 8⅞ 92	25	103⅝	103⅞	−0⅛	+0⅛	7.82
Crown Zellerbach 6¾ 92	100	100	100¼	−0⅞	+0⅛	5.73
Eurogarat 7⅞ 92	100	100⅞	101⅛	+0⅛	+0⅛	7.10
Ind. Fund Finland 8⅜ 92	30	98½	99	+0⅛	+0⅛	8.93
Japan Dev. Bank 6 94...	100	99⅛	99⅜	−0⅛	+0⅛	6.07
Kobe City 6⅛ 92	100	100⅛	100⅜	−0⅛	+0⅛	6.09
Kommuninans 7⅛ 92 ...	35	100⅝	100⅞	+0⅛	−0⅛	7.14
Lonrho Int Fin. 7⅞ 92	80	94⅞	95⅛	—	—	8.23
Mitsui OSK 6½ 92	100	99⅝	99⅞	−0⅛	+0⅛	6.53
Nafinsa 8¼ 92	80	95½	96	—	—	8.91
New Zealand 6 92	100	100⅛	100⅜	−0⅛	+0⅛	5.95
Philip Morris 6⅝ 92 ...	100	†107	101¼	−1⅛	−1⅝	6.48
Philip Morris 6⅞ 94 ...	100	101	101¼	−0⅛	−0⅛	9.11
Renfe 7⅛ 92	00	96⅜	96⅞	−0⅛	−0⅛	5.28
Sekisui Pm. 5⅜ 92 WW	70	103⅝	104⅛	0	−0⅛	5.21
Soc. Lux. de Cnt. 8⅛ 92	80	105⅛	105⅜	+0⅛	−0⅞	7.17
Svenska Handels. 6¾ 92	100	98⅛	98½	—	—	8.98
Tiroler Wasser 6¼ 92	100	98⅛	98½	−0⅛	+0⅛	6.75
Vorarlberg Kraft 6⅞ 92	50	103	103⅝	0	+1	8.31
Average price changes...On day −0⅛ on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97⅜	97⅞	+0⅛	+0⅛	8.63
Int.-Amer. Dev. 8⅞ 91	15	101⅜	102⅛	0	+0⅛	8.56
Japan Airlines 7⅞ 87...	9	95⅜	96⅛	+0⅛	+0⅛	8.02
New Zealand 8⅜ 87 ...	15	99⅝	100⅜	+0⅛	+0⅛	8.40
World Bank 8⅞ 92 ...	20	98⅞	99⅝	−0⅛	+0⅛	8.54
Average price changes... On day 0 on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$...	100	†97	97½	0	+1	16.84
Can. Pac. S. 16¾ 89 C$	50	†97	97½	−0¼	+0¼	17.09
Crd. Foncier 17¼ 89 C$	30	†98¾	99¼	0	+0⅛	17.33
Gaz Metro. 17¼ 90 C$	20	†96¼	97	+0⅛	+0⅜	17.99
OKB 16½ 88 C$	63	†96⅝	97⅛	0	+2	17.08
Q. Hyd. 16½ 89 (My) C$	50	†99¼	99¾	+0⅛	+0⅛	16.59
Quebec Prov. 16½ 89 C$	50	†99½	100	+0¼	+1¼	16.51
U. Bk. Nwy. 9½ 90 EUA	18	91½	93	+0⅞	+0⅞	11.03
Amro Bank 10 87 Fl ...	150	98¾	99¼	0	+0½	10.25
Bk. Mees & H. 10 87 Fl	75	97⅝	98⅛	0	+0⅛	10.56
Eurofima 10½ 89 Fl	50	99⅛	99⅝	0	−0⅛	10.61
Ireland 10½ 87 Fl	75	97¼	97¾	−0¼	+0⅞	11.14
Phil. Lamps 10¼ 87 Fl...	100	99⅝	100⅛	+0⅛	+0⅛	10.26
World Bank 10 87 Fl ...	150	97⅞	98⅛	0	+0⅛	10.57
OKB 14 86 FFr	400	92⅛	93½	∓0⅛	+0⅛	18.63
Solvay et C. 14¾ 86 FFr	200	92⅛	93⅛	+0⅛	+0⅛	17.48
Beneficial 14⅝ 90 £ (O)	20	87⅜	88⅞	0	+0⅛	16.93
BFCE 14½ 87 £	30	98½	99¼	—	—	14.89
BNP 13¾ 91 £..........	15	93⅞	94⅝	+0⅛	+0⅞	14.86
CECA 13½ 88 £	20	94½	95½	+0⅛	+0⅛	14.72
Fin. Ex. Cred. 13¾ 89 £	15	96⅞	97⅝	+0⅛	+0⅛	14.83
Gen. Elec. Co. 12⅜ 89 £	50	92⅞	93⅝	+0⅛	+0½	14.18
Hiram Walker 14¼ 89 £	25	97⅞	98⅞	+0⅛	+0⅛	14.78
Norsk Hydro. 14½ 87 £	30	98⅜	99½	+0⅛	∓0⅛	14.76
Privatbanken 14½ 89 £	12	95¾	96⅞	+0⅛	+1⅛	15.48
Quebec 15½ 87 £......	35	101⅜	102⅜	+0⅛	+0⅛	14.82
Reed (Nd) NV 16⅜ 89 £	25	103⅜	104⅜	+0⅛	+0⅜	15.61
Royal Trustco 14 86 £...	12	98⅛	99⅛	+0⅛	+0⅛	14.43
SDR France 15½ 92 C..	30	99⅞	100⅜	+0¼	+1⅛	15.41
Swed. Ex. Cr. 13⅜ 86 £	20	97⅜	98½	+0⅛	+0½	14.55
Eurofima 10½ 87 LuxFr	500	95⅝	96⅝	+0⅛	+1	11.56
EIB 9¾ 98 LuxFr	600	92¾	93¾	0	+1	11.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98¼	98¾	16/10	15.69	16.93
Bk. of Tokyo 5⅛ 91 (O)	0⅛	98⅜	99⅛	8/12	15⅝	16.40
Bk. Nova Scotia 6¼ 93	0⅛	98⅜	99⅛	29/10	15⅝	15.28
BFCE 5¼ 98	0⅛	98⅞	99⅜	28/10	15	15.13
BFCE 5¼ 87	0⅛	99⅛	99⅜	27/7	16⅛	16.33
BNP 5⅛ 89 WW	0⅛	†98⅛	98⅞	6/11	15.19	15.42
Caisse Nat. Tele. 6¼ 90	0¼	98⅞	99⅜	21/10	15⅝	15.89
CCCE 5¼ 2002	0¼	98⅛	98⅝	11/12	15⅞	15.61
CEPME 5¼ 92	0⅛	98⅞	99⅛	10/12	15.44	15.57
Chemical NY 5¼ 94 ...	0⅛	98⅞	99⅜	23/9	15.69	16.84
Cont. Illinois 5¼ 94 ...	0⅛	98⅞	99⅜	24/9	16⅛	16.52
Credit Agricole 5¼ 97...	0⅛	99	99½	24/9	15.44	15.55
Credit du Nord 5¼ 92...	0¼	98⅞	99⅜	23/12	15.61	15.98
Credit Lyonnais 5¼ 87...	0⅛	98⅞	99⅜	1/10	16	15.14
Cmdit Nat. 5¼ 94	‡0⅛	98⅜	98⅞	9/9	14.69	14.89
Denmark. Kngdm. of 92	0⅛	†98⅞	99⅜	25/5	15.44	15.59
Ireland 5¼ 89/94	0¼	†98⅛	98⅝	25/11	14⅞	14.97
Kansallis Osake 5½ 92	0⅛	98⅞	99⅛	6/11	15.31	15.49
Lloyds Eurofin 5¼ 93 ...	§0¼	98⅞	98⅞	29/10	17⅛	17.28
Long Term Cred. 5¼ 92	0⅛	98	98½	28/11	14⅝	14.89
J. P. Morgan. 5¼ 97 ...	§0⅛	98⅞	99⅝	12/8	14⅝	14.75
Nat. West. Fin. 5¼ 91 ...	§0⅛	99⅛	99⅜	15/7	15.19	15.26
New Zealand 5¼ 87 ...	0⅛	99⅛	99⅜	7/10	15.56	15.66
Nippon Credit 5¼ 90...	0⅛	99	99½	10/8	15.06	15.78
Offshore Mining 5¼ 91	0¼	89⅛	99⅛	2/12	14.19	14.33
PKbanken 5 91	0⅛	98⅞	99⅛	17/12	15.81	15.95
Scotland Int. 5¼ 92......	0⅛	98⅝	99⅛	23/9	15⅝	15.55
Sec. Pacific 5¼ 91	0⅛	98⅛	99⅛	24/11	15	15.15
Societe Generale 6¼ 95	0⅛	99	98½	1/9	15.31	15.43
Standard Chart. 5¼ 91	0⅛	98⅝	99⅛	15/11	14⅞	15.04
Sweden 5¼ 89	0⅛	99⅛	99⅝	26/8	15.31	15.41
Toronto Domin'n 5¼ 92	0⅛	98⅜	99⅛	11/8	16⅛	15.54
Average price changes... On day 0 on week ∓0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinamoto 5¼ 96	7/81	933	81½	83	+0⅛	5.03
Bow Valley Inv. 5 95 ...	4/81	23.12	†95⅛	97½	+0⅛	67.53
Bridgestone Tire 5½ 96	3/82	470	83⅜	84⅜	+0⅛	−0.69
Canon 7 97	7/82	829	83¼	85¼	+0⅛	22.85
Canon 6¾ 95	1/81	748.2	89½	91	0	2.45
Chugai Pharm. 7¾ 96...	7/82	709.6	96½	98	−0⅛	3.75
Fujitsu Fanuc 4¼ 96......	10/81	5641	80⅛	82½	+0⅛	12.85
Furukawa Elec. 5¼ 96...	7/81	300	90	61½	−0½	−5.21
Hitachi Cable 5¼ 96......	2/82	575	81⅝	83⅛	+0⅛	4.78
Hitachi Cred. Cpn. 5 96	7/81	1612	74⅜	76⅛	+0½	12.97
Honda Motor 5½ 97......	3/82	841	81	82½	+0½	6.81
Kawasaki 5⅝ 96	9/81	229	62⅛	63⅜	−0⅛	16.42
Marui 5 96	7/81	846.4	93⅝	95¼	−0¼	0.06
Minolta Camera 5 96...	10/81	826.4	80½	92	0	35.08
Mmorco 9¾ 97	5/82	6.18	†77	79	0	38.56
Murata 5¼ 96	7/81	2198	65	66½	+0⅛	20.50
NKK 6½ 96	7/81	188	69½	71	+0⅛	−22.20
Nippon Chemi-C. 5 81..	10/81	019	60	62	−1	20.42
Nippon Electric 5¼ 97...	2/82	848	84⅛	85⅝	+0⅛	9.10
Orient Finance 5¼ 97 ...	3/82	1205	85½	87	+0⅛	8.84
Sanyo Electric 5 96......	10/81	652	63	64½	−0½	12.98
Sumitomo Elec. 5½ 97...	3/82	577.3	80⅝	82¼	−0⅛	8.01
Sumitomo Met. 5¼ 96...	10/81	296.1	61½	63	0	37.14
Swiss Bk. Cpn. 6½ 90...	9/80	191	71½	73½	0	29.62
Konishiroku 6 90 DM ...	2/82	585	100	101	+0½	10.15
Mitsubishi H. 6 89 DM	2/82	263	90	91	+0⅛	30.12

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Casa steers for gaps in the market

Spain's only aerospace concern has ambitions beyond seeking a record $500m order from India for its short take-off and landing C-212 Aviocar (right), reports ROBERT GRAHAM from Madrid

SPAIN'S only aerospace company, Construcciones Aeronauticas (Casa), has set out to bring off its biggest ever export order—a $500m deal with India. Casa is on the final short list after four years' negotiation for a supply and production agreement for a short take off and landing (Stol) aircraft. Casa is offering its highly successful C-212 Aviocar, of which it has now sold 330 worldwide. Its main rival appears to be the Canadian de Havilland Twin Otter, in a contract which is for some 200 aircraft, of which 20 would be supplied directly, the rest built in India by Hindustan Aeronautics.

Casa is pressing its credentials as one of Europe's small but dynamic aerospace companies. Its executives believe that, apart from the product, which is of indigenous design, tho main virtue of the company lies in its ability to adapt advanced technology to less sophisticated needs. Already, Casa is working in a joint venture with the Indonesian National Aircraft Company on an upgraded version of the Aviocar—the CN-235.

While the C-212 can carry np to 28 passengers in military or civilian use or loads of 2.8 tons, the new version could carry up to 40 passengers.

Indonesia is already assembling the C-212

Casa believes it can succeed in a potential market of 1,800 civil units and 600 military over the next 10 years, although competing against at least three similar aircraft.

In particular, the Indonesian link with the Association of South East Asian Nations (Asean), provides a good platform for penetrating the important Asian market.

Casa, founded in 1923, has become one of the most export orientated of Spanish concerns, with 63 per cent of its Pta 24bn ($215m) sales last year being abroad.

The main shareholder is the state holding company, INI, with 69 per cent, and the Spanish banks Bilbao and Vizcaya possess 5 per cent of the equity. However, Casa has important international partners—Northrop, of the U.S., 13 per cent, Messerschmitt-Boelkow-Blohm (MBB), of West Germany, 11 per cent, and Avions Marcel Dassault-Brequet, of France, 0.6 per cent.

Sr Enrique de Guzman, the company's president, is convinced that Casa can with careful choice of production play a substantial role, especially in filling the holes that the big companies leave. At the same time, it must continue to play a vital strategic role, in satisfying as much as it can of Spain's requirement in the defence field.

It is already producing a jet trainer for the Spanish Air Force — the C-101. This also has an export potential, since it is low cost and much less sophisticated than the British Hawk trainer. Its principal competitor is seen as the Italian Macchi-339.

More importantly, Casa hopes to play a part in the Spanish Air Force's forthcoming order of a new combat aircraft. The choice has been narrowed down to the F-18As of McDonnell Douglas of the U.S., or the F-16 of General Dynamics of the U.S.

The Anglo-German-Italian Tornado was considered, with attractive offers of industrial participation, but apparently the aircraft was rejected as not complying sufficiently closely with the Air Force's needs.

Casca says it is dissatisfied with current offset proposals from the two U.S. concerns in tho deal for 80 to 90 aircraft worth $2bn. The U.S. companies are offering little in the way of technology transfer and local manufacture. Casa wants to be able to maintain the aircraft in Spain, and for this wants access to new technology (it mtaintains the Spanish Air Force's Phantoms and also does so for the USAF).

On the international co-operation side, Casa has a 4.2 per cent stake in Airbus Industrie, the European group, and produces horizontal stabilisers, landing gear and forward doors. It also manufactures parts for the Mirage and such other, non-military, Dassault models as the Falcon.

A more recent military contract with MBB involves the manufacture of parts for the light helicopter MB-105. It sees this international co-operation as the best way of obtaining access to new technology.

Casa is anxious to move more into advanced technology producing more of its own avionics. It has also now been asked by the Spanish Defence Ministry to study the production of ECMS (electronic counter measures), and more importantly, to develop a missile capacity.

Talks have been going on with British Aerospace in this respect about the Rapier and other systems. Casa has also branched into some satellite work and more particularly into satellite solar panelling.

Casa has been encouraged to do all this by strong cash flow, stemming essentially from the Aviocar sales. Net profits for 1981 almost doubled to Pta 536m ($4.8m) and order books are worth Pta 55bn ($495m), with enough work through to 1985.

The decline in the value of the peseta has not harmed the balance sheet, even though Casa is dependent upon imports for much software and capital items like engines. This is because the bulk of sales are exports with the price paid in dollars. Approximately 35 per cent of the price represents imported items in the Aviocar.

The Aviocar is now considored to have a life through to the 1990s. For instance it has been discovered recently that larger military transport aircraft like the Hercules operate in peace time at loads well below capacity, and that it is more rewarding to use an aircraft like the Aviocar. This is being used as a new sales pitch: negotiations are now under way for co-production in the U.S. of the Aviocar.

AEG-Telefunken crisis sharpens

BY KEVIN DONE IN FRANKFURT

THE CRISIS surrounding the future of AEG-Telefunken, West Germany's second largest electrical and electronics group, sharpened yesterday as the company's bankers were called together at short notice in Frankfurt.

At the same time, a separate meeting took place in Frankfurt of leading representatives of West German industry under the chairmanship of Dr Otmar Emminger, the former president of the Bundesbank, the West German central bank, to discuss the possibility of giving AEG further aid.

The management of the financially-stricken electrical group is striving to force through a complex survival plan which is crucially dependent on it gaining further financial support from its 24-member banking consortium, from German industry and from the state.

In Bonn yesterday a separate meeting took place at the Federal Economics Ministry of officials from several of the provincial state (Länder) Governments to discuss AEG applications for loan guarantees totalling DM 1.55bn ($626m).

The major stumbling block holding up progress on AEG's rescue plans is reluctance in Bonn to press ahead quickly with the granting of loan guarantees totalling DM 1bn.

The company's rescue blueprint, "AEG-83," has been submitted by Bonn to the state-owned auditors. Treuarbeit, and their report, a precondition for a positive response from the Federal Government, is not expected for about three weeks.

Time is running out for AEG, however, as the banks have been insisting on state guarantees before granting urgently needed new credits.

Sales rise by 18% at MTU

By Our Financial Staff

MTU Motoren-und Turbinen-Union, the West German aircraft engine maker, has reported an 18 per cent increase in sales for 1981 to DM 1.86bn ($750m).

Mr Ernst Zimmermann, executive chairman, said cash flow rose by 42 per cent to DM 117.3m but the company cut its dividend to DM 12.1m from DM 15.1m.

The company is 83.8 per cent owned by MTU-Motoren-und Turbinen-Union Mnenchen which in turn is 50 per cent owned by MAN, the major German engineering group and 50 per cent by Daimler-Benz.

Engine orders for the Tornado combat aircraft will keep the company's Munich operation busy until 1986, Mr Zimmermann said. Surplus capacity will begin to develop there from the mid 1980s and will be used for civilian projects.

Orders received last year fell by 14.3 per cent to DM 1.46bn. But the company forecasts an increase in sales this year to DM 2.2bn.

Gulf Riyad lifts capital

BY MARY FRINGS IN BAHRAIN

GULF RIYAD Bank EC is the latest in a series of Bahrain-based Arab financial institutions to announce an increase in equity capital. By the end of last year Gulf Riyad was carrying a balance sheet total in excess of U.S.$1bn on a capital as small as $8m, thanks to the strength of its shareholders — Riyad ank of Sandi Arabia (60 per cent) and Credit Lyonnais. Profit for 1981 was $5.2m.

The paid-up capital has been raised by $12m, of which half was new money subscribed proportionately by the shareholders, and the remainder was from capitalisation of reserves.

Olivetti plans L35bn savings shares issue

By James Buxton in Rome

OLIVETTI, the increasingly successful Italian data processing and office equipment mannfacturer, is to ask shareholders to approve another capital raising operation—the fifth in the past four years.

The parent company, Ing C. Olivetti, plans to issue L35bn ($25m) worth of savings shares at L1,500 each, including a premium of L500. They will be offered to existing shareholders on the basis of one share for every 10 existing shares, dobentures and convertiblo bonds.

Olivetti is also raising a five-year loan for L150bn from a pool of Italian and foreign banks, at what the company calls a "particularly favourable" interest rate. It will also create 66m non-convertible savings shares which will be reserved for the lending banks. The banks will be allowed to convert their loan into these new shares at a price of L2,250 each during the life of the loan.

Holders of Olivetti debentures will also be able to convert them

Strikes hit Peugeot recovery

By Terry Dodsworth in Paris

PEUGEOT, the French motor company, expects its recovery programme to be set back sharply by the recent spate of strikes in the group and the Government's post-devaluation austerity measures.

Commenting on these two unfavourable factors, M Jean-Paul Parayre, chairman, told the annual meeting that the company intended to tighten its belt this year, but to be back in balance in 1983. Last year, Peugeot's consolidated losses amounted to FFr 2bn ($291m).

The improvement in the company's performance, he said, was shown in the first quarter of this year, when consolidated sales rose by 19 per cent to FFr 21.1bn. Group vehicle sales in the first four months went np by 5.5 per cent to 576,000 units.

In the second quarter, however, output at Citroen and Talbot, two of the Peugeot group's subsidiaries, was severely hit by strikes. These disputes caused the loss of about 50,000 vehicles, M Parayre said.

In addition, the group will have to bear the extra costs involved in introducing the 39-hour week and the fifth week of paid holidays. Peugeot calculates that this programme will mean additional expenditure of about FFr 1bn during 1982.

The Government's price control measures will undermine the Group's planned increases this summer, while wage controls are expected to rednce demand for new cars in France during the rest of this year. On the other hand, M Parayre expects some compensation for these losses in increased competitivity in overseas markets.

● CITROEN HISPANIA, the Spanish subsidiary of the French carmaker, lost Pta 408.5m ($3.7m) in 1981, writes our financial staff.

The company blamed lower sales but said that business appeared to be improving. In the first five months of this year Citroen Hispania's passenger car sales reached 61,959 units, up 41.3 per cent from a year earlier.

The company also said it would invest Pta 7.7bn between 1982 and 1987.

Merrill and SHK launch joint ventures

By Robert Cottrell in Hong Kong

MERRILL LYNCH of the U.S. and Sun Hung Kai Securities of Hong Kong are setting np joint venture nperation in securities and commodities trading in Hong Kong following the association between the two groups announced in May whereby Merrill acquired a 25 per cent stake in SHK Securities.

The two operations will come under the control of a holding company owned 60 per cent by SHK and 40 per cent by Merrill Lynch. The securities joint venture will handle the marketing of U.S. stocks to Hong Kong clients, and will he housed in Merrill Lynch's existing Hong Kong office.

The commodities trading operation succeeds a previous joint venture which SHK entered with ACLI of the U.S. ACLI and SHK split after SHK entered its association with Merrill, and ACLI has since announced a new commodities joint venture with Wardley the merchant banking arm of the Hongkong and Shanghai Banking Corporation.

It has not yet been decided whether joint venture operations will be located in other financial centres. SHK Securities has an office on Merrill's bome turf in New York, while both gronps have London offices.

Mr Roger Birk, Merrill Lynch's chairman, was in Hong Kong yesterday together with M Jean-Yves Haberer, chairman of Paribas, to formally conclnde the agreement with Mr Fung King Hey, SHK chairman. Paribas has been associated with SHK Securities' sister company, SHK Bank, for four years. Under the new arrangement Paribas is SHK Bank's operational associate while Merrill stands in a parallel relationship with SHK Securities.

Merrill Lynch will also take a 15 per cent bolding in SHK Bank. Paribas will increase its stake in SHK Securities to 10 per cent from 5 per cent but rednce its holding in SHK Bank to 25 per cent from 30 per cent.

Mr Fung said his nbjective was the establishmant of a "multinational financial service supermarket."

State rescue planned for Turkish textiles group

BY METIN MUNIR IN ANKARA

THE TURKISH Government is planning to take steps to prop up Guney Sanayi, the country's largest privately-owned textiles company, which was forced tn close after its electricity was cut off for failure to settle a $2.5m bill.

Guney, which had a turnover of $300m in 1980, has been in acute financial difficulty for nearly two years. Last week it gave some 6,000 workers indefinite leave.

The company is owned by the Sapmaz family, ona of the wealthiest in Turkey. The family has told Mr Bulent Ulusu, the Prime Minister, that the company would have tn close unless it urgently receives the equivalent of $43m.

Mr Ulusu responded by sending a team of a dozen bankers, businessmen and officials of DPT, the state planning organisation to the cotton-growing province in south-east Turkey, to look at Guney's books, capacity, and export potential. Their report is expected to be completed next Monday, and the Government is likely tn reach a decision on Guney's fate soon afterwards.

Gnney puts its current debts at slightly over $91m. Over the last 12 months the company obtained tax and social insurance payment relief and loans worth $43m.

Guney has export orders for $62m and executives believe it would be able to recover if assisted promtly. The Government is thought to be considering two alternative schemes. The first is tn bail out Guney by giving the family the loan it sought. The second is tn broaden the totally family-owned company's equity based in such a way as to give state-owned banks major control.

Merger creates largest S African steel trader

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S largest steel trading company is to be formed by the acquisition of the steel interests of Leo Raphaely and Sons, an international commodity trading house, by Macsteel, a local steel merchant.

The combined annual sales of the enlarged Macsteel group will be R500m ($440m) according to Mr Eric Samson, the company's chairman and controlling shareholder. The group's annnal exports will total 750,000 tons.

Both Macsteel and Raphaely are private companies, and Mr Samson declined to disclose the terms of the acquisition.

Raphaely's other commodity trading activities, which centre on chemicals and agricultural products, and its sbip chartering subsidiary are not inclnded in the transaction.

The Raphaely group bas gained a reputation as an aggressive (and not always popular) trading company. It has successfully penetrated many countries in Africa and Asia which claim to boycott South African products, but has been hit by a string of resignations among senior executives.

Macsteel is to take over Raphaely's offices in tha Far East, one nf the largest markets for South African steel. It will also take over Raphaely's half-share in Orient Steel, a steel marketing company in the Far East whose other shareholder is Iscor, the South African state-owned steel producer.

Macsteel had agreed on "full co-operation" with Raphaely International, the non-steel part of the business in which the Raphaely family remain tbe largest sharehnlders, Mr Samson said.

Shulton Africa suffers sharp fall in profits

By Our Johannesburg Correspondent

SHULTON AFRICA, the 51 per cent-nwned South African personal care products subsidiary of the U.S.-based Shulton, saw its profits plunge in the six months ended May. First-half pre-tax profits fell to R6,000 ($5,263) from R297,000 in the corresponding period of 1981. Profits for the year ended November, 1981, were R1.5m.

Shulton of the U.S. plans to acquire the outstanding shares. It is to offer minority shareholders 220 cents for each of the 980,000 shares they own.

An interim dividend bas not been declared as was the case last year. In the year ended November 30, 1981, earnings were 46 cents a share and a total dividend of 24 cents was declared.

Malaysia to set up an Islamic bank

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government yesterday announced it would set up an Islamic bank next year, in response to long-standing calls by Moslem groups in the country that there should be a financial institution operated along Islamic principles.

Dr Mahathir Mohammad, the Prime Minister, who approved the Islamic bank proposal, said legislation to set it np would ba introdnced in Parliament at the end of the year.

The bank would have an anthorised capital of 500m ringgit (U.S.$215m) and a paid-up capital of 100m ringgit.

The Malaysian Government would take up 30 per cent of the equity, with the rest being subscribed by the Pilgrims Fund, and various state religious anthorities.

The bank will not charge interest on loans, but will participate in the profits and dividends of projects it is financing. It will concentrate on funding housing and agricultural and welfare activities.

Dr Halim Ismail, a senior corporate planner at Bank Bumiputra, will be managing director of the Islamic bank.

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COMPANY NOTICES

LEUMI INTERNATIONAL INVESTMENTS N.V.

US $20 MILLION GUARANTEED FLOATING RATE NOTES 1987 SERIES "B"

The interest rate applicable to the above Notes in respect of the three month period commencing 6th July, 1982 has been fixed at 16³⁄₁₆% per annum.

The interest amounting to US $41.69 per US $1,000 principal amount of the Notes will be paid on Wednesday 6th October, 1982 against presentation of coupon No. 6.

BANK LEUMI TRUST COMPANY OF NEW YORK
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PUBLIC NOTICES

DAVON COUNTY COUNCIL

Tenders totalling £64m were received for £7m Bills issued on 6.7.82 maturing on 5.10.82. The highest rate accepted was 12¼% p.a.

LEGAL NOTICES

SANCHEZ-O'BRIEN ENERGY 80 N.V. NOTICE TO SHAREHOLDERS

Messrs. Brian O'Brien, A. R. Sanchez, Sr. and A. R. Sanchez, Jr., will be visiting the following Merrill Lynch offices to discuss with the Shareholders the drilling results and future plans of the Sanchez-O'Brien Energy 80 N.V. programme: July 27—London office. July 28—Paris office. July 29—Geneva office. For further details contact Mr. Arthur Reynolds in the Merrill Lynch International London office. Telephone: 01-628 7000.

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX AND XX CENTURY WORKS OF ART. Mon.-Fri. 10-5. Sats. 10-1.

ARTEMIS FINE ARTS (UK) LIMITED, 15, Duke Street, St. James's, SW1. Exhibition of MASTER PRINTS AND DRAWINGS. Mon.-Fri. 10-5 until 23rd July. Also WHISTLER ETCHINGS at 6a, Mason's Yard.

BLOND FINE ART, 33, Sackville St., W1. 437 1230. EILEEN COOPER. Until 17 July.

NICOLA JACOBS GALLERY, 9, Cork St., London, W1. Tel: 01-437 3868. SIMON EDMONDSON PAINTINGS until 8th July.

MACLEAN GALLERY, 35, St. George St., Hanover Square, W1. 01-493 4756. PAPIER PEINT 1780-1860. Exhibition of French Wallpaper. Until 23 July. Mon.-Fri. 10-5.30, Sat. 10-1.00.

COLNAGHI, 14, Old Bond Street, W1. 01-491 7408. DISCOVERIES FROM THE CINQUECENTO until 7 August; and ITALIAN OLD MASTER DRAWINGS until 10 July. Mon.-Fri. 10-6, Sat. 10-1.

WILLIAM DRUMMOND, Covent Garden Gallery, 18 & 19C ITALIAN WATER-COLOURS, C. LABRUZZI & others. Daily 10-5.30, Thurs. 7, Sats. 12.30, 20, Russell St., WC2. 01-836 1139.

12, DUKE STREET GALLERY, Duke Street, St. James's, SW1. 930 5247. Faces and Nudes: Drawings by Sculptures. 23rd June-23rd July. Mon.-Fri. 10.00-5.00.

THE PARKER GALLERY, 2, Albemarle St., Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings of Ships Models.

PHILIP PANK: Mountains and Nudes, exhibition of oil paintings at Burgh House, New End Square, Well Walk, Hampstead, NW3. 25th June-18th July. Wednesday to Sunday, 12 noon to 5 pm.

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LONDON STOCK EXCHANGE

Revived interest rate optimism causes strong Gilt performance which imparts confidence to equities

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug. 9

* "New time" dealing may take place from 9 am two business days earlier.

Interest rate optimism revived strongly yesterday to dominate London stock markets. Reports that the Treasury hoped to nudge domestic rates lower were reinforced by the Bank of England's action in UK money market where the band four intervention level was shaded to 12¼ per cent. European rates also continued to ease slightly and the combination, on top of more favourable U.S. money supply figures announced after Wall Street's close last Friday, served to bolster Government stocks.

Renewed early investment support took quotations higher and, although increased selling led to a more evenly balanced trade, selected longer-dated Gilts rose a full point before easing occasionally towards the close. At the shorter end of the market, sufficient funds were invested to allow the authorities to re-activate the short tap, the Government broker selling supplies of £30-paid Treasury Convertible 12¼ per cent 1986 at 30¼ before withdrawing. Gains in the area otherwise ranged to ½ and the FT Government Securities index rose 0.46 to 69.85, its highest for three weeks.

With the FT analysis of 15 leading forecasts pointing to a very sluggish economic recovery this year adding to the equity market's already depressing background, dealers were none too optimistic about prospects for leading shares at the start. Wall Street's dullness on Friday also urged caution and most leading industrials began a penny or two lower.

Confidence was gradually restored by the Gilt-edged market's strong performance and, in the absence of selling of any size, equity values began to improve in thin trading. The extent of the recovery was measured by the FT Industrial Ordinary share index, which transformed a 10 am loss of 2.5 into a closing gain of 5.4 at 548.4. British Rail's efforts to provide a limited service were naturally welcomed but had little effect on sentiment.

Eagle Star up again

Bid speculation was rife in the Insurance sector. Eagle Star again stood out with a fresh spurt of 15 to a 1982 peak of 358p on hopes that the EEC Commission was about to clear Allianz Versicherungs' acquisition of a 28 per cent stake in Eagle Star and that this might lead to a full-scale offer from Allianz. Other Composites made good progress with Sun Alliance closing 10 better at 754p and Phoenix, 262p, and Royals, 335p, up 8 apiece. Elsewhere, C. E. Heath rose 13 to 358p following Press comment. Minet, in which St Paul Companies of Minnesota increased its stake to nearly 15 per cent last week, revived with a gain of 6 to 145p.

Suspended last Thursday at 57p ahead of the revelation of a £15m provision for losses at its Californian subsidiary, Performance Tire, dealings in Guinness Peat were resumed following details of the sale of the group's commodity business to Lord Kissin; the shares opened at 52p and retreated further on sporadic nervous offerings to close at a 1982 low level of 48p. Elsewhere, the major clearing banks were quietly firm. Midland, with interim figures scheduled for July 30, closed 10 better at 325p.

The delayed debut of Knight Computers International in the Unlisted Securities Market was a quiet affair, the shares opening and closing at the placing price of 60p. Dealings in Alfred Walker resumed following the Scheme of Arrangement; the shares touched 44p before reverting to the opening level of 40p compared with the suspension price of 17½p.

Breweries attracted a useful two-way business and closed a shade firmer for choice. Elsewhere, good support was forthcoming for cider makers; H. P. Bulmer, preliminary results expected next Wednesday, rose 8 to 418p, while Merrydown Wine improved a similar amount to 101p.

Inclined easier at first, leading Buildings encountered selective support and closed with small gains in places. Elsewhere, Trent Holdings added 3 to 48p following favourable Press comment, while Robert M. Douglas firmed 2 to 76p on the announcement that the company had won Middle East contracts worth £20m. On the other hand, scrappy selling left Sheffield Brick 4 down at 29p and Johnstones Paints 3 off at 90p. Interim profits below expectations clipped 3 from SGB, to 175p, while poor preliminary profits left May and Hassell 2 down at 67p.

After opening a shade easier at 304p, ICI picked up in the absence of selling to close unchanged on balance at 306p. Occasional interest was shown in Fisons, which firmed 7 to 362p. Among other Chemicals, Anchor gained 5 to a 1982 peak of 96p following Press comment.

UDS added a couple of pence to 61p; the announcement that Heron Corporation has acquired a 5.1 per cent stake in the company came well after the market close.

Still drawing strength from the good results and capital proposals, GEC led the Electrical majors higher, closing 13 to the good at 998p. Plessey firmed 5 to 470p as did Cable and Wireless, to 298p; the latter's annual figures are scheduled for next Tuesday. Thorn EMI, on the other hand, succumbed to revived suggestions of a pending rights issue and dipped to 403p before finishing 3 down on balance at 405p. Elsewhere, Ferranti found support and rose around 18 to 753p xd, while MK rose 7 to 410p, the latter on Press suggestions of a pending dawn raid. Cambridge appreciated 6 to 152p and Immediate Business Systems 7 to 125p.

Following adverse Press comment, TI fell to its par value of 100p in the early trade but rallied to finish a net 4 up at 108p; the associated British Aluminium failed to recover and closed 3 down at 40p. Among other Engineering leaders, GKN rose 4 to 146p and Hawker 6 to 320p. Elsewhere, Babcock found support and put on 4 to 105p, while ML improved 5 to 310p and Johnson and Firth Brown rallied a couple of pence to 13p. Sold down to 128p at the outset on adverse comment, Westland picked up to finish the turn dearer at 132p. B. Elliott were friendless at 40p, down 5, after 38p, while United Engineering fell 8 to 240p.

Foods trended firmer in a moderate turnover, J. Sainsbury, quoted ex the one-for-one scrip issue, improving 6 to 320p. Argyll touched 76p before closing just a penny dearer on balance at 74p; the warrants finished a penny firmer at 13p, after 14p. G. F. Lovell attracted revived support and put on 3 to 55p.

Among Hotels and Caterers, Press comment stimulated interest in Stakis which gained 3 to 66p. M. F. North jumped 5 to 36p following the agreed 37p per share cash offer from Messrs. David and Frederick Barclay.

William Press up

Press comment highlighting bid possibilities helped William Press to rise 4 to 60p. Elsewhere in miscellaneous industrials, IRC advanced 4½ to 59p on the preliminary figures and British Aerospace gained 7 to 235p on the prospect of Harrier replacement orders. Gleves hardened 2 to 38p in response to an investment recommendation and Avon Rubber firmed 3 to 91p on revived bid speculation. Hopes of a bid from G. M. Firth helped Howard Tenens to improve 3 to 54p, while "W" Ribbons gained 2 to 11p. Cautious comment prompted a decline of 5 to 270p, after 265p, in J. Bibby, while Granada "A" gave up 7 to 186p on nervous selling ahead of today's interim figures. Currently in receipt of an agreed 1p per share bid from Centreway Industries, Wilkins and Mitchell fell 2 to 3p following the offer document. The quietly firm leaders had Glaxo closing 7 better at 711p and Beecham and Bowater up 3 apiece at 259p and 198p respectively.

Associated Leisure added a penny to 106p despite announcing preliminary profits slightly below market estimates. Pleasurama shed 5 to 225p; the company has been refused a gaming licence for the Embassy Club.

Favourable comment prompted a couple of bright spots among otherwise idle Motor Distributors. Lex Service closed 5 to the good at 131p, after 132p, while Tate of Leeds rose 4 to 96p.

Vague talk about another cut in base rates helped sentiment in recently neglected Properties, but scattered rises were limited to 2p. Elsewhere, demand in front of today's preliminary statement lifted Laganvale Estates 2 to 25p.

BP dip and rally

Marked down to 268p at the outset in the wake of further adverse Press comment, British Petroleum rallied in the absence of selling to close just 2 cheaper on balance at 272p. Shell settled a couple of pence dearer at 382p, after 376p. Press comment stimulated interest in KCA International, which put on 6 to 70p, while revived demand in a thin market lifted ORE 10 to 245p. Dealings in NCC Energy, recently suspended at 35p, resumed at 20p following the Board's recommended offer of 25p per share from Cook International.

Lonrho stood out among Overseas Traders with a gain of 6 to 78p; the interim results are due at the end of the month. Inchcape continued to make progress on recovery hopes and added 5 to 260p, while revised speculative interest lifted Tozer Kemsley and Millbourn 3 to 56p.

Investment Trusts again trended to slightly lower levels. Far-eastern issues were dull, reflecting lower values in Tokyo. Among Financials, stockjobbers Smith Bros. eased the turn to 47p on profit-taking. Tolux S.A. jumped 75 to a 1982 peak of 650p, a rise of 450 in the last four trading days following the offer from Standard Bank Investment Corporation.

Shipping's lacked support and closed with losses across the board. Reardon Smith were particularly dull and dipped 5 to 95p, with the A7 off at 58p; the annual results are expected early next month.

Company trading statements provided a couple of contrasting features among Textiles. Sekers International firmed 2 to 24p following the return to profits and the increased annual dividend, but Textured Jersey dropped 7 to 65p on the sharp setback in preliminary earnings and reduced dividend. Lister eased 2½ to 27p following a Press "sell" recommendation, but Earlys of Witney attracted scattered support and hardened a few pence to 25p.

In Tobaccos, Bats, depressed last week following criticism of its Barclay cigarette and the prospect of higher U.S. tobacco taxation, staged a useful rally and touched 425p before settling for a net gain of 8 at 423p. Imperial Group were briskly traded and finished a fraction firmer at 104½p; the interim results are scheduled for next Thursday.

Teas enjoyed a rare burst of activity following the joint offer from Wrengate and Caparo for Assam Frontier; the latter advanced 35 to close at 300p, or 12 below the cash offer price. Other Teas made progress in sympathy. Assam Dooars added 6 to 243p xd, while McLeod Russel, which announced the sale of Indonesian interests for around £6m last Friday, rose 10 to 255p, with the 8.4 per cent convertible 6 up at 103p.

Golds steady

South African Golds held up well in the face of the continuing riots on a number of the gold mines in the Gencor and Gold Fields groups.

Small selling, prompted by the publicity given to the riots, was generally offset by light buying generated by the firmer bullion price and the strength of the Financial Rand.

Turnover, however, was much reduced by the absence of any American interest, Wall Street being closed for the Independence Day holiday.

The Gold Mines index showed a 1.3 fall to 195.9 but this was almost entirely due to numerous issues being quoted ex the June dividend payments. Bullion rose $2.25 to $315.25.

South African Financials were firmer across the board, also boosted by the strength of the Rand. Gencor responded with a gain of 20 to 650p, Anglo American Corporation improved 6 to 420p, Gold Fields of South Africa ½ to £22½ and De Beers 3 to 190p, the last-named ahead of the CSO gem sales figure expected this week.

Coals were steady to a fraction easier despite news of increased allocations of coal export quotas. In Platinums, Rustenburg moved up 7 to 144p.

The gains in UK equities coupled with a further encouraging performance by copper prices led to persistent support for London Financials where Gold Fields advanced 9 to 344p, RTZ 5 to 365p, and Charter 3 to 188p, ex-dividend.

Little interest was shown in Australians.

Contracts completed in Traded Options amounted to 1,509 — slightly below last week's daily average of 1,689. Calls totalled 1,091 of which GEC accounted for 276 and Marks and Spencer for 206. BP were well to the fore in put trading with 155 deals out of 418.

FINANCIAL TIMES STOCK INDICES

	July 5	July 2	July 1	June 30	June 29	June 28	A year ago
Government Secs.	69.85	69.39	69.49	69.44	68.94	68.60	64.67
Fixed Interest	70.39	69.99	69.85	69.75	69.49	69.31	67.04
Industrial Ord.	548.4	543.0	549.3	554.3	552.0	544.9	540.8
Gold Mines	195.9	197.2	197.7	203.7	198.3	197.4	288.6
Ord. Div. Yield	5.64	5.69	5.66	5.58	5.60	5.68	5.91
Earnings, Yld.% (full)	11.80	11.91	11.69	11.63	11.67	11.83	11.87
P/E Ratio (net) (*)	10.31	10.21	10.39	10.46	10.41	10.28	10.60
Total bargains	14,607	13,733	15,830	13,617	12,323	12,305	12,521
Equity turnover £m.	—	114.04	122.93	111.84	102.24	69.28	114.33
Equity bargains	—	11,394	10,560	9,870	9,373	8,510	15,511

10 am 540.5. 11 am 543.1. Noon 545.5. 1 pm 545.9.
2 pm 546.2. 3 pm 546.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 9.67.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.39 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.67 (14/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (6/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	308.0 (6/1)	161.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 2	July 1
Daily Gilt Edged Bargains	160.4	147.3
Equities Bargains	73.8	68.4
Equities Value	230.5	246.5
5-day Avrge. Gilt-Edged Bargains	142.8	139.5
Equities Bargains	64.5	51.6
Equities Value	210.3	197.1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	—	5
Corpns. Dom. and Foreign Bonds	35	4	38
Industrials	287	236	834
Financial and Props	84	88	230
Oils	18	35	54
Plantations	6	3	14
Mines	50	24	83
Others	38	59	55
Totals	663	459	1,414

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
166	Nil	9/7 6/8	22pm	12pm	Applied Computer Tech.	16pm	—
170	F.P.	15/6 24/6	190	180	Bank Leumi (UK) £1	158	—
135	F.P.	28/5 2/7	180	156	Carless Capel 10p	158	+2
174	F.P.	18/6 30/7	233	218	Grand Met 50p	230	+2
25	Nil	— —	2pm	2pm	Jenks & Cattell	2pm	—
50	F.P.	24/5 13/5	60	52	Press (Wm.) 10p	60	+4
326	F.P.	17/6 30/7	446	380	Saatchi & Saatchi 10p	596	+7
215	Nil	6/7 15/8	40pm	28pm	Sketchley	37pm	—
26	F.P.	10/6 10/6	25	24	Young (H.)	25	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Argyll Foods	74	+ 1	GEC	998	+13
Babcock Intl	105	+ 4	Imperial Group	104½	+ ½
BP	272	− 2	LRC International	59	+ 4½
Charter Cons	188xd	+ 3	Minet	145	+ 6
Courtaulds	78	+ 1	Press (Wm)	60	+ 4
Eagle Star	358	+15	TI	108	+ 4

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Ferranti	15	740	+ 7	Imperial Grp	13	104	− 1½
GEC	15	985	+ 2	Shell Trans	13	380	−10
Howard Tenens	15	51	+ 4	ICI	12	304	− 4
Minet	15	139	+ 1	Ultramar	12	376	− 3
Eagle Star	14	343	+16	Beecham	11	256	− 6
BP	13	274	− 5	De Beers Dfd	11	187	− 7
Imp Cont Gas	13	175	− 2	Leech (W.)	11	50	+ 1

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (37)

BRITISH FUNDS (12)
Exchr. 9½pc 1982 — Treas. 3pc 1987
Treas. 12pc 1983 — Treas. 3pc '78-88
Exchr. 3pc 1984 — Treas. 11pc 1989
Treas. 3pc 1985 — Treas. 5pc '86-89
Treas. 3pc 1986 — Exchr. 12½pc 1990
Fdg. 6½pc '85-87 — Treas. 10pc 1992

LOANS (2)
FFI (UK Fn.) 5½pc 1980-82 — FFI (UK Fn.) 6½pc 1981-84

BEERS (1)
Greene King

CHEMICALS (1)
Anchor Chem.

ELECTRICALS (5)
Cable & Wireless — Immed. Bus. Systems
Cambridge Elec. — MK Electric
GEC

ENGINEERING (2)
Locker (T.) — Mitchell Somers

INDUSTRIALS (7)
Black (P.) — Lond. Prîv. Health
Brit. Aerospace — Pentlow
Elsco — Platignum
LRC Int.

INSURANCE (2)
Heath (C. E.) — Sun Life

MOTORS (2)
Lex Service — Tate of Leeds

TRUSTS (2)
Equity Inc. — Tolux SA

OIL & GAS (1)
ORE

NEW LOWS (102)

AMERICANS (7)
CANADIANS (2)
BANKS (6)
BUILDINGS (2)
CHEMICALS (1)
DRAPERY & STORES (4)
ELECTRICALS (3)
ENGINEERING (8)
FOODS (2)
HOTELS (1)
INDUSTRIALS (20)
MOTORS (1)
NEWSPAPERS (1)
PROPERTY (6)
SHIPPING (3)
TEXTILES (3)
TRUSTS (14)
OIL & GAS (9)
OVERSEAS TRADERS (2)
RUBBERS (1)
TEAS (1)
MINES (4)

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 28	July 9	Sept 30	Oct 11
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8

For rate indications see end of Share Information Service

Calls were arranged in Lonrho, Cornell Dresses, First National Finance, European Ferries, Exco International, Turner and Newall, KCA International, Fobel International, Selincourt, Conex and Trident TV. A put was done in Capital and Counties, while a double was taken out in Lonrho.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 5 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities; tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports. ¶ Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (4) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Essential goods.

Companies and Markets

CURRENCIES and MONEY

$ & £ steady

Sterling and the U.S. dollar showed little overall change in currency markets yesterday in quiet featureless trading. The closure of U.S. markets for Independence Day ensured that trading in Europe was kept at a minimum until the U.S. reaction to Friday's larger-than-expected fall in money supply is knewn. Sterling was very steady, apparently unaffected by current unrest on the railways and possible industrial action by mineworkers.

Currencies within the European Monetary System were little changed. Tha Dutch guilder was placed at the bottom of the system just below ths D-mark, while the Italian lira continued as the strongest currency.

DOLLAR — Trade-weighted index (Bank of England) 121.3 against 121.0 on Friday and 107.2 six months ago. Three-month Treasury bills 12.58 per cent (11.60 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous menth) — The dellar closed at DM 2.4775 from DM 2.4760 against the D-mark and SwFr 2.1065 from SwFr 2.1035. Against the Japanese yen it finished at Y257.20 from Y256.45.

STERLING—Trade weighted index 91.4 against 91.4 at noon, and 91.3 at the opening and Friday's close (91.4 six months ago). Three-month interbank 12 13/16 per cent (15 11/16 per cent six months age). Annual inflation 9.5 per cent (9.4 per cent previous month)—Sterling traded between a high ef $1.7360 touched in the morning and a low ef $1.7285 before closing at $1.7295-1.7305, a fall of just 15 points from Friday. Against the D-mark it eased slightly to DM4.2850 from DM4.2875 but was a little higher against the Swiss franc at SwFr 3.6450 from SwFr 3.6425. It eased slightly against the French franc to FFr 11.88 from FFr 11.89.

D-MARK — EMS member (second weakest). Trade weighted index 124.7 against 124.8 on Friday and 122.1 six months ago. Three-month interbank 9.55 p.c. (10.575 p.c. six months ago). Annual inflation 5.8 p.c. (5.3 p.c. previous month) —The D-mark showed little overall change in Frankfurt yesterday in quiet trading. The dollar was fixed at DM2.4725 up from DM2.4632 and there was no intervention by the Bundesbank. Sterling was also higher at DM4.2890 from DM4.2770 while the Swiss franc slipped to DM1.1740 from DM1.1755½. Within the EMS the French franc rose to DM 36.045 per FFr 100 from DM 36.040 and the Belgian franc to DM 5.2340 per per BFr 100 from DM 5.2290.

SWISS FRANC—Trade weighted index 145.3 against 145.5 on Friday and 153.6 six months ago. Three-month interbank 4 15/16 per cent (8 15/16 per cent six menths ago). Annual inflation 5.9 per cent (5.6 per cent previous month)—Trading was generally quiet and featureless in Zurich yesterday. The dellar tended to steady, after initial firmness, as Euro-dollar rates fell. This followed Friday's announcement of a larger than expected fall in U.S. money supply. The dollar was quoted at SwFr 2.1060 while the D-mark stood at SwFr 85.20 per DM 100.

JAPANESE YEN — Trade weighted index 131.7 against 132.2 on Friday and 145.2 six menths ago. Three-month bills 7.28125 per cent (6.5625 per cent six months ago). Annual inflatien 2.3 per cent (2.8 per cent previous month)—The yen lost ground against the dollar in Tokyo yesterday in generally quiet trading. News ef a larger than expected fall in U.S. money supply failed to prompt a corresponding fall in Euro-dollar rates and there was some shert covering as a result. The dollar rose to Y256.30 up from an opening level of Y255.50 and Friday's close of Y255.30.

THE POUND SPOT AND FORWARD

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7285-1.7360	1.7295-1.7305	0.39-0.44c dis	−2.88	0.83-0.88dis	−1.98
Canada	2.2220-2.2325	2.2300-2.2320	0.75-0.85c dis	−4.30	2.40-2.50dis	−4.39
Nethlnd.	4.72-4.75	4.72¾-4.73¾	1⅞-1⅝c pm	4.12	4½-4 pm	3.59
Belgium	81.60-82.00	81.62-81.92	17-27c dis	3.23	62-72 dis	−3.28
Denmark	14.78-14.82	14.78½-14.79½	1½-2½ore dis	−1.42	8¾-10¼ dis	−2.50
Ireland	1.2425-1.2485	1.2440-1.2460	0.66-0.79p dis	−6.98	1.97-2.16dis	−6.64
W. Ger.	4.26-4.30	4.28-4.29	1⅝-1⅜pf pm	3.85	4-3½ pm	3.50
Portugal	144.50-146.00	144.80-145.30	80-265c dis	−14.27	230-785dis	−13.72
Spain	192.50-194.00	192.60-192.90	160-185c dis	−10.74	485-525dis	−10.58
Italy	2400-2410	2404½-2407½	15-18lire dis	−8.23	50-54 dis	−5.65
Norway	10.97-11.06	10.98¾-10.99¾	3-4½ore dis	−3.89	11½-12½dis	−4.41
France	11.85-11.91	11.87½-11.88½	2-4c dis	−3.03	10½-12½dis	−3.87
Sweden	10.59-10.64	10.60½-10.61½	1½-2½ore dis	−2.40	5¼-6⅞ dis	−2.21
Japan	442-448	444½-445½	2½-2y pm	9.07	6¾-5¾ pm	3.39
Austria	30.05-30.25	30.10-30.15	14⅞-11½gro pm	5.28	35½-28½ pm	4.25
Switz.	3.63½-3.68½	3.64-3.65	3-2½c pm	9.05	7½-7 pm	8.95

Six-month forward dollar 2.70-2.75c dis. 12-month 4.60-4.75c dis. Belgian rate is for convertible francs. Financial franc 89.25-89.35.

THE DOLLAR SPOT AND FORWARD

July 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7285-1.7380	1.7295-1.7305	0.39-0.44c dis	−2.88	1.30-1.35dis	−3.06
Ireland†	1.3900-1.3950	1.3905-1.3925	0.52-0.42c pm	4.05	1.30-1.13 pm	3.52
Canada	1.2830-1.2890	1.2875-1.2890	0.15-0.18c dis	−1.54	0.44-0.48dis	−1.43
Nethlnd.	2.7300-2.7360	2.7350-2.7360	1.68-1.58c pm	7.15	4.57-4.47 pm	5.61
Belgium	47.20-47.33	47.31-47.33	½-2c dis	−0.32	2-6 dis	−0.34
Denmark	8.5370-8.5600	8.5475-8.5600	0.90-0.65ore pm	1.09	1.15-0.65 pm	0.42
W. Ger.	2.4650-2.4780	2.4770-2.4780	1.45-1.41pf pm	6.93	4.02-3.97 pm	6.45
Portugal	83.95-85.15	84.95-85.15	30-130c dis	−11.29	70-370dis	−10.35
Spain	111.43-111.60	111.43-111.48	70-80c dis	−9.08	200-225 dis	−7.63
Italy	1387.95-1391	1390-1391	6-7lire dis	−5.61	18-20 dis	−5.47
Norway	6.3470-6.3670	6.3470-6.3490	0.40-0.80ore dis	−1.13	2.00-2.40dis	−1.39
France	6.8450-6.8750	6.8650-6.8700	0.25-0.05c pm	0.26	1.30-1.75dis	−0.89
Sweden	6.1270-6.1340	6.1310-6.1330	0.30-0.10ore pm	0.39	1.30-1.18 pm	0.78
Japan	255.80-257.25	257.15-257.25	1.98-1.90y pm	9.05	5.50-5.40 pm	8.48
Austria	17.38-17.41	17.38-17.40	12¾-11gro pm	8.02	33½-30½ pm	7.30
Switz.	2.0980-2.1080	2.1060-2.1070	2.15-2.05c pm	11.96	5.75-5.65 pm	10.82

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	—
U.S. dollar	121.3	—
Canadian dollar	86.6	—
Austrian schilling	117.3	—
Belgian franc	94.9	—
Danish kroner	88.4	—
Deutsche mark	184.7	—
Swiss franc	145.3	—
Guilder	115.7	—
French franc	74.1	—
Lira	63.6	—
Yen	131.7	—

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 6	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	N/A	0.550908
U.S. $	19	N/A	0.955826
Canadian $	16.58	N/A	1.22987
Austria Sch.	8¾	N/A	18.6290
Belgian F	14	N/A	45.1651
Danish Kr.	11	N/A	8.16514
D mark	7½	N/A	2.36232
Guilder	8	N/A	2.61131
French Fr.	9½	N/A	6.55503
Lira	10	N/A	1327.40
Yen	6½	N/A	945.169
Norwgn. Kr.	9	N/A	6.06471
Spanish Pta.	8	N/A	106.460
Swedish Kr.	10	N/A	0.85825
Swiss Fr.	8½	N/A	9.01201
Greek Dr'ch.	20½	N/A	86.4187

* C$/SDR rate for July 1: N/A.

OTHER CURRENCIES

July 6	£	$		£ Note Rates
Argentine Peso	27,816-27,055	13,700-13,750	Austria	00.05-30.30
Australia Dollar	1.7025-1.7045	0.9823-0.9828	Belgium	88.80-88.80
Brazil Cruzeiro	208.72-200.72	172.33-170.19	Denmark	14.75-14.89
Finland Markka	8.8021-8.2180	4.7365-4.7385	France	11.85-11.95
Greek Drachma	120.044-120.494	69.20-69.70	Germany	4.27-4.31
Hong Kong Dollar	10.187-10.802	5.8850-5.8900	Italy	8340-8380
Iran Rial	146.20	84.20	Japan	444-449
Kuwait Dinar (KD)	0.4978-0.4985	0.2876-0.2878	Netherlands	4.78-4.75
Luxembourg Fr.	81.82-81.98	47.31-47.33	Norway	10.96-11.06
Malaysia Dollar	4.0860-4.0960	8.3605-8.3033	Portugal	148-158
New Zealand Dlr.	9.3385-2.3425	1.3486-1.3504	Spain	185½-194½
Saudi Arab. Riyal	6.0560-5.9635	3.4385-3.4415	Sweden	10.50-10.69
Singapore Dollar	3.79-3.70	2.1500-2.1530	Switzerland	3.63½-3.87½
Sth. African Rand	1.0889-1.9869	1.1460-1.1478	United States	1.70½-1.74½
U.A.E. Dirham	6.3580-6.3670	3.6780-3.6740	Yugoslavia	82-08

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1651	+0.43	+0.25	±1.5501
Danish Krone	8.23400	8.16514	−0.84	−1.02	±1.6430
German D-Mark	2.33379	2.36232	+1.22	+1.04	±1.0888
French Franc	6.61387	6.55505	−0.89	−1.07	±1.3940
Dutch Guilder	2.57971	2.61131	+1.22	+1.04	±1.5004
Irish Punt	0.691611	0.685917	−0.74	−0.92	±1.6691
Italian Lira	1350.27	1327.40	−1.69	−1.88	±4.1389

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 3	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.730	4.285	445.0	11.88	3.645	4.733	8406.	9.231	81.87
U.S. Dollar	0.578	1.	2.477	257.2	6.867	9.107	2.736	1391.	1.290	47.32
Deutschemark	0.233	0.404	1.	103.9	2.772	0.851	1.104	661.5	0.381	19.11
Japanese Yen 1,000	2.247	3.888	9.629	1000.	28.70	8.101	10.63	5407.	5.013	184.0
French Franc 10	0.842	1.456	3.607	374.8	10.	3.068	3.984	0023.	1.878	68.01
Swiss Franc	0.274	0.475	1.176	122.9	3.259	1.	1.298	860.1	0.612	22.46
Dutch Guilder	0.211	0.366	0.905	94.00	2.610	0.770	1.	608.4	0.471	17.30
Italian Lira 1,000	0.416	0.719	1.781	185.0	4.838	1.516	1.967	1000.	0.027	34.03
Canadian Dollar	0.448	0.775	1.921	199.5	5.389	1.634	0.121	1078.	1.	06.70
Belgian Franc 100	1.221	2.113	5.234	543.5	14.51	4.452	5.781	2938.	2.725	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 3/4	offer 15 7/8	bid 16	offer 16 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	19½-18¾	14⅞-16⅛	16-17	8⅝-8¾	3-3¼	8⅜-8½	14¾-15¼	18-20	—	14¼-14¾	6½-5¾	11¾-13¼
7 day's notice	12⅝-12⅞	15-13¼	16-17	8⅝-8¾	3-3¼	8¾-8⅞	14¾-13¼	19-20½	13-16	14¼-16¼	6¾-6⅞	13¼-14¾
Month	12 7/16-12 9/16	16 1/16-15 7/16	16⅝-16⅞	8¾-8⅞	4 1/16-4 7/16	9-9⅛	14¾-18¼	20-20¾	16⅛-16½	16⅜-16½	6⅞-7⅛	16⅝-17⅛
Three months	12¾-12⅞	10⅝-15⅞	17⅛-17⅜	9-9⅛	4 5/16-4 7/16	9 5/16-9 7/16	18¼-16¾	81-21⅝	13¾-16¾	15⅛-15 11/16	7⅛-7⅜	16-17⅛
Six months	12 7/16-10 1/16	16 11/16-16 1/16	17½-17¾	9¼-9⅜	3 13/16-3 15/16	9 5/16-0 7/16	17½-18	81⅞-22⅜	18-17	13⅜-10 7/16	7⅛-7⅜	18⅛-18⅝
One Year	13-13⅛	13 9/16-13 11/16	17½-17¾	9½-9⅝	5 11/16-5 13/16	9 7/16-9 9/16	18⅛-18⅝	22⅝-25	16-16⅛	16⅝-15 7/16	7⅛-7⅝	17¾-19¼

SDR linked deposits: one month 12⅞-13⅛ per cent; three months 13 3/16-13 5/16 per cent; six months 13⅝-13⅞ per cent; one year 13⅝-13⅞ per cent.

ECU linked deposits: one month 12½-13 per cent; three months 12⅞-13⅛ per cent; six months 12¾-13⅛ per cent; one year 13⅜-13⅞ per cent.

Asian $ (closing rates in Singapore): one month 15 7/16-15 9/16 per cent; three months 15 11/16-15 13/16 per cent; six months 16 5/16-16 7/16 per cent; one year 15⅞-16 per cent. Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15⅞-16⅛ per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen: others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 15.05-15.15 per cent; three months 15.20-15.30 per cent; six months 15.45-15.55 per cent; one year 13.45-15.55 per cent.

MONEY MARKETS

London rates decline

UK clearing bank base lending rate 12¼ per cent (since June 8)

Interest rates showed an easier trend in the London money market yesterday. Influenced by the fall in Eurodollar interest rates after another larger than expected fall in the U.S. M1 money supply last week.

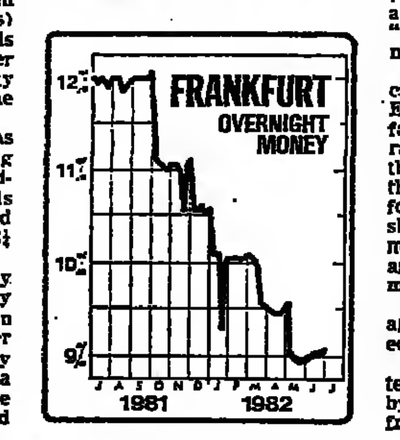
In the interbank market three-month funds eased to 12½-13 per cent from 12 13/16-13 1/16 per cent, and the discount houses buying rates for three-month eligible bank bills moved 1/16 per cent lower, into line with the reduction in the Bank of England dealing rate for band 4 bills. During the morning the authorities cut the buying rate for long dated bills to 12¼ per cent from 12 5/16 per cent, and kept the dealing rate at the reduced level in the afternoon. The dealing rate for band 4 bills was increased to 12 5/16 per cent from 12¼ per cent about a week ago as the market became increasingly nervous about the upward trend in U.S. interest rates.

A shortage of about £150m was forecast by the Bank of England in the morning, and the major factors were expected to be: bills maturing in official hands and a net market take-up of Treasury bills −566m, partly offset by Exchequer transactions +£380m, and a fall in the note circulation +£160m.

The Bank of England gave £135m assistance in the morning through purchases of £3m bank bills in band 1 (up to 14 days maturity) at 12¼ per cent; £96m bank bills in band 2 (15-35 days) at 12¼ per cent; £19m bank bills in band 3 (34-63 days) at 12¼ per cent; and £17m local authority bills in 4 (64-84 days) at the reduced rate of 12¼ per cent.

Further help of £12m was given in the afternoon, making a total of £147m. The authorities bought £5m Treasury bills in band 4 at 12¼ per cent. and £7m bank bills in band 4 at 12¼ per cent.

In Frankfurt call money touched 9.15 per cent in early trading, before settling back to a more general level of 9.05 per cent. Demand for funds by banks followed the ending of a 28-day securities repurchase agreement, which drained DM 6.1bn from the money market. Borrowing under the Lombard facility from the Bundesbank rose to DM 7.6bn on Friday from DM 4 bn, and probably increased yesterday, although the situation was partly relieved by the addition of an estimated DM 1½bn to DM 2bn of liquidity by way of one week currency swaps.



EUROCURRENCIES

$ rates ease

Eurodollar interest rates declined in quiet trading. With U.S. markets closed for Independence Day there was no influence on European trading from New York or Chicago, and rates weakend from the opening, following the larger than expected fall of $2.2bn in U.S. M1 supply last week.

On the other hand the market is likely to be cautious of reading too much into the significant fall in money supply over the past two weeks, and will remain apprehensive about the expected "July bulge" appearing in the next week or so.

Against this quiet and cautious background other Eurocurrency rates tended to fall in line with Eurodollar rates, while the weakening of the D-mark and improvement of the Swiss franc in forward foreign exchange trading was simply the mirror image of the movement of these currencies against the dollar in the spot market.

Forward sterling also eased against the dollar as the pound edged up in early spot trading.

The only marked upward tendency in Eurocurrencies was by French franc rates, as the franc lost ground to the D-mark.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	—
Treasury bills (13-week)	12.58
Treasury bills (26-week)	12.96

GERMANY

Lombard	9.00
Overnight rate	9.05
One month	9.45
Three months	9.525
Six months	9.575

FRANCE

Intervention rate	15
Overnight rate	15.25
One month	14.8125
Three months	14.8125
Six months	14.6875

JAPAN

Discount rate	5.5
Call (unconditional)	7.21875
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 5 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-13	12½-12⅝	—	—	12½-12¾	11-12½	—	—	—
2 days notice	—	—	19½-19¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅝-12¾	—	—	12⅞-13⅛	12½	—	—	—
One month	19⅞-12¾	12 13/16-12 11/16	12⅞	10⅜-13	12⅞	13¼	12½	12⅛-12 5/16	12⅛	13¼
Two months	10⅞-18¾	10⅞-13	—	10⅜-13	12⅞	10¼	12⅜	12⅜-12¼	12⅜-12 5/16	13⅛
Three months	12 13/16-12 11/16	12⅞ 13	12⅞	13⅜-13	13	13¼	12¼	12⅜-12¼	12.⁹⁄₁₆	18 1/16
Six months	12¾-12⅝	12⅞-10	13	12¾-12⅝	10	—	—	—	12-12⅛	12 7/16
Nine months	12¾-12⅝	12⅞-13	—	10⅛-12¾	13	—	—	—	—	—
One year	12¾ 12⅝	12⅞-10	13	13-12¾	10	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13¾ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 5/32-12 3/16 per cent; four months trade bills 12 15/16 per cent.

Approximate selling rate for one month Treasury bills 12 23/32 per cent; two months 12 23/32 per cent; three months 12 9/32-12 7/16 per cent. Approximate selling rate for one month bank bills 12 23/32 per cent; two months 12 23/32 per cent and three months 12 7/32 per cent; one month trade bills 10 per cent; two months 12⅞ per cent; three months 12 11/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12¼ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2313 per cent. Certificates of Tax Deposit (Series 5) 13¾ per cent from June 30. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.4	[illegible]	—	—
Equity Fund	47.8	[illegible]	−0.5	—
Property Acc.	267.6	[illegible]	—	—
Equity Acc.	47.4	[illegible]	−0.4	—
Selective Fund	145.3	[illegible]	−0.4	—
Money Fund	167.2	176.0	—	—
Convertible Fund	179.3	188.8	—	—
Prop. Fd. Ser. 4	210.9	222.0	—	—
Equity Ser. 4	55.4	[illegible]	−0.4	—
Man. Ser. 4	196.2	206.6	−0.6	—
Money Ser. 4	151.7	159.7	—	—
Conv. Ser. 4	151.8	159.8	—	—
Fixed Int. Fd. Ser. 4	117.5	[illegible]	—	—
American Ser. 4	108.0	[illegible]	—	—
High Inc. Ser. 4	114.8	[illegible]	−0.5	—
Indexed Inv. Series 4	96.7	[illegible]	—	—
Pension Property	319.2	[illegible]	—	—
Pension Equity	276.0	290.6	−2.6	—
Pension Selective	146.7	154.5	−0.6	—
Pension Managed	291.8	307.2	−0.8	—
Pension Security	223.3	[illegible]	—	—
Pension Fixed Int.	114.3	[illegible]	—	—
Pension Indexed Inv.	96.9	[illegible]	—	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	314.1	330.6	−1.4	—
Fixed Int. Acc.	196.3	206.5	−0.3	—
Gtd. Money Fd. Ac.	156.7	164.9	—	—
Intl. Man. Fd. Acm.	140.4	147.8	−1.4	—
Intl. Fxd. Int. Fd.	107.4	113.1	+0.1	—
Prop. Fd. Acc.	159.5	167.9	—	—
M'ple Inv. Acc.	246.5	259.5	−1.1	—
Equity Pen.Fd.Acc.	429.7	452.3	−2.9	—
Fixed I.Pen.Acc.	315.7	332.3	−0.5	—
G'td.Mon.Pen.Acc.	217.7	229.1	+0.1	—
Intl.Mn.PnFdAcc.	161.8	170.5	−1.6	—
Prop.Pen.Acc.	210.7	221.7	+0.1	—
M'ple Inv.Pen.Acc.	356.6	375.5	−1.9	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	195.0	205.5	—	—
Money Fd.	144.0	151.6	—	—
Equity Fd.	151.7	159.8	—	—
Fixed Int. Fd.	95.6	100.7	—	—

Crown Life—Continued

St. George Mangd. Fd.	110.1	[illegible]	—	—
Lincs & Gen.Fd.	119.6	[illegible]	—	—
Sage Fd.	96.1	[illegible]	—	—
Heritage Fd.	98.3	[illegible]	—	—
DBS Managed	104.1	[illegible]	—	—
Crown. Brit. Inv. A		237.5	—	—
Pens. Mixed. Fd.	146.7	[illegible]	[illegible]	—
Pens. Mang'd. Acc.	109.4	[illegible]	[illegible]	—
Pens. Mang'd. Init.	106.3	[illegible]	[illegible]	—
Pens. Equity Acc.	99.1	[illegible]	[illegible]	—
Pens. Equity Init.	96.1	[illegible]	[illegible]	—
Pens. Fxd. Int. Acc.	108.1	[illegible]	[illegible]	—
Pens. Fxd. Int. Init.	104.1	[illegible]	+0.2	—
Pens. Money Acc.	108.2	[illegible]	[illegible]	—
Pens. Money Init.	104.9	[illegible]	[illegible]	—

Crusader Insurance PLC
Tower Hse., 38 Trinity Sq., EC3N 4DJ. 488 2325

Growth Prop July 6	101.1	111.2	+0.5	—
Managed Pens. June 9	117.24	123.40	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	76.7	79.5	+0.1	6.76

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	183.8	193.4	—	—
Higher Inc. Fund	117.7	123.9	—	—
Property Fund	192.1	202.2	—	—
Fixed Interest Fund	141.1	148.5	—	—
Index Linked Secs Fnd.	93.3	98.2	—	—
Gtd. Deposit Fund	135.7	142.8	—	—
Nth. America Fund	104.5	109.9	—	—
Far East Fund	82.0	86.3	—	—
International Fund	96.2	101.2	—	—
Mixed Fund	165.1	173.7	—	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	—	—
Ind. Pen. Property	144.1	151.6	—	—
Ind. Pen. Fixed Int.	138.4	145.6	—	—
Ind. Pen. Indx Lk. Sec.	102.4	108.2	—	—
Ind. Pen. Overseas	145.0	152.6	—	—
Ind. Pen. Cash	135.5	142.6	—	—
Ind. Pen. Balanced	153.9	161.9	—	—
Ind. Pen. Dep. Admin.	135.5	142.6	—	—

Prices at June 10. Next settlement July 15.
Group Pension Funds—Prices Available On Request.

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent.

LACOP Units

Lloyds Life Assurance
20, Clifton St., EC2A 4MX

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
120	75	Falcon Rh.50c	80	......	025c	10.3	25.3
33	20	Wankie Col. Z$1	20	......	05c	1.2	12.1
21	12	Zam.Cpr.SBD0.24	14	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
23	10	ACM 20c	11½	......	—	—	—
7	1½	Argosy Gold NL 25c	2½	......	—	—	—
151	62	Bond Corp.	64	−2	Q010c	2.3	10.0
82	58	Bougainville I Kina	64	+2	Q9½c	1.2	6.2
192	147	CRA 50c	164	+2	05c	—	1.8
16	10	Carr Boyd 20c	13	......	—	—	—
56	22	Central Pacific	30	......	—	—	—
380	152	Crusader Oil	255	......	—	—	—
26	10	Coitus Pacific N.L.	11	−½	—	—	—
27	14	Eagle Corp. 10c	18	......	—	—	—
23	9	Endeavour 20c	10	......	—	—	—
368	150	G. M. Kalgoorlie 25c	155	+5	Q32½c	0.9	12.8
10	2½	Great Eastern	4	+1	—	—	—
63	30	Greenbushes Tin 50c	33	......	Q6c	1.9	10.9
170	134	Hampton Areas 10p	154	−2	2.5	3.1	2.3
32	11½	Haoma N.W.	11½	......	—	—	—
22	9	Intl. Mining	12	......	—	—	—
30	10	Jimberlana (50cFP)	10	......	—	—	—
9½	2¾	Kalbara Min 20c	3	......	—	—	—
100	38	Kitchener NL 25c	38	......	—	—	—
14	9	Leichardt Expln.	9	......	—	—	—
190	92	Meekatharra 25c	112	+2	—	—	—
44	16	Metals Ex. 50c	16	......	Q3c	1.7	11.2
28	10	Metramar Mns. 20cts.	10	......	—	—	—
10	3	Mid East Mins. NL	4	+½	—	—	—
202	145	M.I.M. Hldgs. 50c	151	−1	t05c	♦	2.0
57	5	Mincorp 20c	6½	......	—	—	—
8	3	Minefields Expl. 25c	3	......	—	—	—
19	14	Newmetal 20c	19	......	—	—	—
30	8½	Nickelore N.L.	10	......	—	—	—
160	95	North B. Hill 50c	95	−2	‡Q18c	1.0	‡
494	10	Nth. Kalgurli	12	+1	—	—	—
123	67	Oakbridge 50c	78	−2	†Q6½c	1.9	5.0
90	33	Oilmin N. L.	36	......	—	—	—
98	34	Pacific Copper	64	+2	—	—	—
150	74	Pancont'l 25c	79	+1	—	—	—
62	32	Paringa M&Ex.5p	32	......	♦	—	—
352	216	Peko-Wallsend 50c	218	+2	‡Q15c	—	‡
31½	15	Pelsart Res NL	15	......	—	—	—
273	125	Renison 50c	130	−3	Z05c	—	2.3
205	105	Do. Dfd.	120	......	—	—	—
56	30	Selltrust A	33	......	♦	—	—
27	9	Southern Pacific	10½	−½	—	—	—
46	24	Swan Resources 20c	27	−3	—	—	—
65	23	Vulcan Mins 20c	24	......	—	—	—
11	2½	West Coast 25c	5	......	—	—	—
50	6	Westn. Cont 50c	8	......	—	—	—
247	167	Westn. Mining 50c	167	......	‡Q14c	1.6	‡
34	13	Whim Creek 20c	13	......	—	—	—
30	12	York Resources	14	......	—	—	—

Tins

1982 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
11½	7	Amal Nigeria 1p	7½	+½	—	—	—
255	165	Ayer Hitam $M1	175	......	tvQ35c	0.7	‡
140	75	Geevor	75	......	—	—	—
12	10	Gold & Base 12½p	10	......	—	—	—
630	370	Gopeng Cons.	370	......	17.0	1.9	6.6
525	330	Hongkong	430	......	21.0	♦	7.8
330	155	Idris 10p	325	......	♦	—	—
24	13	Jantar 12½p	15	......	1.5	[illegible]	14.3
130	75	Kamunting $M0.50	75	−5	tvQ27½c	[illegible]	8.7
426	366	Killinghall $M1	390	......	vh060c	♦	3.7
98	60	Malaysia Mng. 10c	65xd	−½	vQ17.1c	♦	6.3
42	28	Pahang	28	......	‡0.63	[illegible]	‡
450	[illegible]	Pengkalen 10p	340	......	♦1.0	—	0.4
330	[illegible]	Petaling $M1	220	......	tvQ60c	♦	‡
200	[illegible]	Sungei Besi $M1	170	......	tvQ30c	[illegible]	‡
110	75	Supreme Corp. $M1	75	......	vQ15½c	♦	5.0
110	[illegible]	Tanjong 15p	102	......	3.5	[illegible]	4.9
85	70	Tongkah H. Tin 1$m	70	......	tvQ25%	[illegible]	‡
255	[illegible]	Tronoh $M1	180	......	vQ50c	[illegible]	6.6

For Messina see South Africans

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
40	20	Anglo-Dominion	22	+2	—	—	—
16½	12	Burma Mines 10p	12½	......	0.55	1.0	6.3
130	27	Colby Res. Corp.	47	+5	—	—	—
292	170	Cons. Murch. 10c	170	−10	‡Q60c	1.9	‡
8	4	‡‡Exploura Gold	4	......	—	—	—
105	55	Highwood Res.	60	......	—	—	—
255	165	Northgate C$1	178	......	—	—	—
468	344	R.T.Z.	365	+5	16.0	2.1	6.3
£108½	£84	Do.9½%Cv.Un.Ln.'95-2000	£89	+1	Q9½%	30.0	11.4
20	11	Sabina Inds. C$1	12	+1	—	—	—
44	27	‡Southwest C. 10p	32	......	—	—	—
500	270	Tara Explo. $1	285	−20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£98	......
Bertrams	17#	......	Nat. 9¾% 84/89	£86½	......
Bdg'wtr. Est. 50p	410	......	Fin. 13% 97/02	£74⅝	......
Craig & Rose £1	£12½xd	+½	Alliance Gas	80	......
Finlay Pkg. 5p	25	......	Arnott	195	......
Graig Ship. £1	£24	......	Carroll (P.J.)	71	......
Higsons Brew.	87	......	Concrete Prods.	50	......
Holt (Jos) 25p	860	......	Helton (Hldgs.)	18½	......
I.O.M. Stm. £1	108	+1	Irish Ropes	34½	......
Pearce (C. H.)	610	......	Jacob	63	......
Peel Hldgs.	147	......	T.M.G.	3	......
Sheff. Refrshmt.	79	......	Unidare	45	......
Sindall (Wm.)	215	−5			

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spcr.	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	20	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½	Charter Cons.	25
G.U.S. 'A'	45	Thorn EMI	42	Cons. Gold	45
Guardian	25	Trust Houses	11	Lonrho	7
G.K.N.	15	Turner & Newall	11	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

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FINANCIAL TIMES
Tuesday July 6 1982

SCARGILL'S 'BREAK WITH PAST' CALL BACKED

Miners vote for tough line

BY JOHN LLOYD, LABOUR EDITOR

THE National Union of Mineworkers took a large step yesterday toward reshaping itself for an assault on the Government's gates.

Mr Arthur Scargill, in his first address to the conference as president, told delegates representing 250,000 miners in Inverness that his election was "a demand for a break with the past, a demand for a different kind of leadership."

He urged total opposition, by strike action if required, to closures; support for "other sections of the working class" irrespective of the law; a socialist policy for the Labour Party; and a massive expansion of the industry.

He attacked the plan to proscribe the Militant Tendency and called for a reconvened conference of the "Triple Alliance," which takes in the coal, steel and rail unions, to defend the unions against Government attack.

The delegates responded by voting for a reorganisation of the various constituent bodies which make up the NUM, a reorganisation which, when completed, is likely to create an inbuilt left-wing majority on the executive.

They decided to move the union headquarters from Euston Road to a "suitable venue within the coalfields area," a move which Mr Scargill said would have the "psychological" value of identifying union leaders with the rank-and-file to face future struggles.

Finally, they overturned a decision of the executive to rule out of order a motion calling for re-election of all full-time officials, including the president and the general secretary, at five-yearly intervals.

The motion, to be debated later this week, is supported by Mr Scargill and is likely, on yesterday's form, to be passed by the conference. It is seen by the president as a further step to increase the militant pressure of rank-and-file mineworkers on negotiations by making negotiators periodically dependent on their votes.

The re-structuring, already dormant policy contained in the union's Rule 7, was opposed by representatives of the smaller constituent bodies such as the white-collar section Cosa, the enginemen, and the cokemen, who enjoy a certain amount of autonomy.

Mr Trevor Bell, the Cosa general secretary, and Mr Scargill's main opponent in the presidential campaign, said it would "turn the union in upon itself." and Mr Billy Bartram, president of the 4,700 cokemen, said he would pull his members out of the NUM.

The issue will now go to the NUM Organisation Sub-Committee, which is charged with bringing proposals to the executive. Plans to merge the constituent bodies into the NUM areas must go to ballot votes of the members affected, and may be the subject of injunctions.

The effect of a successful restructuring would make the union more responsive to strong direction from the centre and increase the relative weight of big Left-led areas like Yorkshire, Scotland and South Wales.

While the old Right-wing majority on the executive held by Lord Gormley, the former president, still formally exists by 13 votes to 11, the Left has won motions with 16 or 17 votes in its favour as the Right's disarray continues.

The move from London was also contentious, with Cosa, which represents the headquarters staff, arguing that the decision was taken without consulting it, and contradicted the union's opposition to closures.

Details, Page 10

Shell halts its oil destocking programme

BY RAY DAFTER

THE Royal Dutch/Shell Group, the world's second largest energy corporation, has called a halt to its programme for running down surplus oil stocks—a sign that the oil glut may be disappearing.

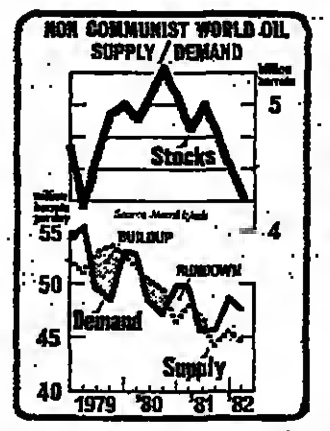
During the past year Shell has reduced oil stocks outside North America by an estimated 50m barrels, worth over \$1.5bn (£865m) at current prices. This reduction at an average rate of 137,000 barrels a day, has been part of an industry-wide operation which has contributed to a surplus of supplies on the international market.

Sir Peter Baxendell, head of the Shell group, yesterday confirmed that the destocking operation had ended and forecast that the Organisation of Petroleum Exporting Countries (Opec) would maintain its pricing reference level at around \$34 a barrel in real terms "for the next few years."

Shell will not say exactly how much oil it released on to international markets, although it is known that group stock levels at the end of March stood at the equivalent of 71 days' supply compared with 82 days' a year earlier.

Sir Peter, chairman of the group's committee of managing directors and chairman of Shell Transport and Trading, the UK wing of the Anglo-Dutch company, estimates that non-communist world oil stocks could fall from about 5bn barrels at the beginning of this year to about 4bn barrels by next January.

But an end to the destocking process would not be sufficient to create a tight oil market, Sir Peter said. With so much surplus production capacity available within Opec it was unlikely that ministers of exporting countries would attempt to raise prices at their emergency meeting in Vienna on Friday.



Sir Peter said he thought the present reference price of \$34 a barrel would be maintained until the mid 1980s. Prices would begin to rise again in real terms towards the late 1980s, assuming that world-wide economies, and oil demand, gathered pace.

He warned that the west might be surprised by the pace of rising oil demand in the late 1980s. It was possible that manufacturing industries would temporarily forsake energy conservation and oil-substitution efforts and concentrate on investment in production capacity. Sir Peter also pointed out that the big price rises of the past had been triggered more by political than economic conditions.

Baxendell profile, Page 8
Profits boost for oil companies in Nigeria, Page 4

Argentine reflation package due today

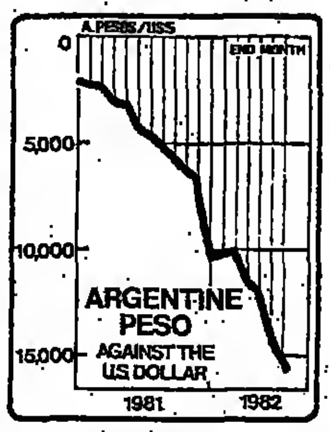
BY JIMMY BURNS IN BUENOS AIRES

THE Argentine Government was putting the final touches yesterday to a major reflationary economic package aimed at easing social and political pressures building up round the military regime.

The package is due to be announced by today in a broadcast by Sr Jose-Maria Dagnino Pastore, the Economy Minister.

It is expected to include devaluation of the peso, across-the-board salary increases for State employees of at least 20 per cent, and new regulations aimed at keeping down interest rates and lengthening terms of bank deposits to help businesses and financial institutions in difficulties because of the recession.

Additional help was expected to come in the form of re-financing of industry debts and a temporary ban on import of goods produced locally.



Banks, exchange houses, and the stock exchange ceased trading for 24 hours from yesterday morning under instructions from the Economy Ministry, traditionally a sign that an announcement of a devaluation is imminent.

A statement issued late on Sunday night justified the temporary ban because of the need to "harmonise the measures under consideration" and to avoid "false expectations or speculation arising out of partial Press reports."

There were widespread reports that Sr Pastore would resurrect the two-tier exchange rate policy stopped by the Government of President Leopoldo Galtieri last December.

The usually well-informed business daily Ambito Financiero predicted that the commercial rate would be fixed at about 22,000 pesos to the dollar, while the financial rate would be allowed to float freely from a set rate of around 28,000 or 30,000 pesos to the dollar.

Last Friday the official rate of the peso against the dollar closed at 15,750.

The financial rate, which applies to investors sending money abroad, is less important to Argentine business than the commercial rate, used for physical trade transactions.

Argentina had a positive trade balance in the first five months of 1982 of \$1.5bn, but her foreign debt has risen to \$36bn.

High technology drive 'disappoints'

BY TIM DICKSON

THE CALIFORNIAN "venture capitalists" hired by the National Enterprise Board more than 18 months ago to seek out new high technology businesses in the most depressed areas of England claims the project is not going well.

Mr Jack Melchor, who runs his own \$15m fund from Los Altos, south of San Francisco, and who is one of the leading venture capitalists in the area, says he is "disappointed" by the early progress of the £2m Anglo-American Venture Fund, a wholly-owned National Enterprise Board company.

Venture capital companies, which finance high risk businesses by taking equity stakes, are relatively new in the UK, but have grown rapidly in number in the U.S. over the last ten to 15 years.

Mr Melchor teamed up with the NEB, now merged with the National Research Development Corporation into the British Technology Group, in November 1980.

A joint venture capital organisation, which he manages through a jointly-owned management company, was subsequently set up to provide a combination of "seed corn" investment capital and an entrepreneurial management approach aimed at fostering fledgling ventures in advanced technology, particularly electronics.

Its activities are restricted to the English assisted areas, parts of the country designated special development, development and intermediate areas.

The management company is authorised to seek out opportunities to transfer to the UK high-technology products already launched successfully in the U.S.

Twenty months from its formation, the £2m fund has committed a little over £1m, of which £900,000 for five projects has been taken up. Mr Melchor says he has not "seen any attractive propositions in months." Only one investment has been made in the last year.

In addition to a "dearth of good entrepreneurs" in the North of England, where the fund has been concentrating its attention, Mr Melchor says it is proving difficult to manage the fund from the West Coast of America.

A small NEB team does the preliminary vetting of applications, though Mr Melchor is personally responsible for all recommendations to the fund's board.

Mr Melchor, who admits that he may be biased as a result of the steady flow of good projects crossing his desk in California, is negotiating to establish a £10m private fund in London which can invest anywhere in the UK.

Mr Arthur Ward, director of regional affairs for British Technology Group and a member of the Anglo-American Venture Fund board, said last night that progress since the launch had been "quite speedy" compared with other venture capital funds.

The development of the present scheme is being discussed, "but if we have encouraged him to set up on a wider basis in the UK then I am delighted."

News analysis, Page 8

Continued from Page 1

British Telecom prices

as 16 per cent—the biggest reduction proposed—and would follow cuts of up to 33 per cent introduced last May.

The price of a basic call unit would rise by 0.2p to 4.6p. But increases in the time per unit on some inland trunk routes would leave charges for these calls almost unchanged.

BT also plans a rebate system for domestic subscribers who make few telephone calls. The scheme would benefit about 2m customers.

Sir George Jefferson, BT's chairman, said that he believed that the 3.3 per cent average increase was modest. The package continued BT's policy of making regular increases rather than infrequent big ones.

Main BT proposals:

- **Unit charge for dialled local calls and some trunk calls to rise 0.2p to 4.5p. Surcharge for three-minute local call via operator to rise 9p to 21p.**
- **Charges for direct-dialled international calls to be cut by between 1.9 per cent and 16.3 per cent. International calls via operator to rise by between 1.4 per cent and 14.3 per cent.**
- **Extra time per unit on some inland trunk calls.**
- **Rebates of 3p per unit on rental for domestic customers who use less than 100 units per quarter.**
- **Directory inquiries, currently free, to be charged at local call rates with reimbursements planned for blind and disabled subscribers.**
- **Tariff increases for private circuits next February to be held to a maximum of 33 per cent and cuts planned in some cases.**
- **Credit card and transfer charge calls to rise by 8p to 26p. Alarm calls and personal calls to rise by 7p to 43p.**
- **Exchange line rentals to rise by £2.25 to £23.25 per quarter for businesses and by £1.50 to £15 per quarter for domestic subscribers. Maximum connection charges for additional new lines to rise by £5 a year.**
- **Most rentals for domestic customer apparatus unchanged. But 15 per cent average increases for rental of Monarch, Herald and Regent call-connect systems.**

Continued from Page 1

OECD call to U.S.

on oil and petrol and more rapid decontrol of natural gas prices allied to a well-head or windfall profits tax. Another possibility would be cutting tax expenditures in areas of little economic efficiency: notably mortgage and other interest deductions against personal taxes.

The OECD welcomes the general incentive effect of the administration's tax cuts but questions the logic of directing most of the cuts towards individuals rather than business.

More funds sought for ECGD over Falklands

By Peter Riddell and Paul Cheeseright

THE TREASURY is seeking Parliamentary approval for extra money for the Export Credit Guarantee Department to finance additional claims likely to arise from business losses in Argentina. This is the first measurable impact on public expenditure of the Falklands crisis.

ECGD provides cover for British exporters against losses on foreign markets. Of the £181m sought for ECGD, around £74m refers to the provision on Argentine trade following the breaking of almost all business links with Argentina from early April onwards.

Claims are expected from banks and companies deprived of payments from Argentine customers. The ECGD has some £280m of business covered in Argentina.

The extra provision for ECGD was revealed yesterday in the summer supplementary estimates, which are the means by which Parliament approves public expenditure.

The main cost of the Falklands operation will naturally fall on the Ministry of Defence's budget. While a total of £500m has provisionally been estimated up to early June, a more precise figure will not be known for some time and is likely to appear in the winter supplementaries in November.

In addition to the defence provisions, there are likely to be several charges on other budgets, such as the export credit programme. Yesterday's supplemetaries, for example, include an extra £2.1m for the Department of Trade for a payment to the special war risks fund covering losses and damage in merchant vessels because of war and other hostilities. This figure is less than the full cost, since it is arrived at after deducting other savings, notably the impact of the cut in the National Insurance surcharge.

The balance of the funds sought for ECGD cover:

- £40m to met guarantee of a C\$87m (£67.5m) convertible preferred share issue made by Massey-Ferguson, the Canadian farm machinery group, when its finances were restructured last year. Continuing financial trouble forced the group in May to drop the dividend on all its preferred stock.
- £74m to met extra costs on foreign currency fixed term export credits used to finance capital business. Through ECGD, the Treasury makes good the difference between the interest rate charged the borrower and the market cost of the funds to the banks. This provision reflects the higher level of capital business being done by UK companies.

Falklands inquiry difficulties overcome, Page 10

Weather

UK TODAY

HAZY sunshine generally but showers in North.

S. and E. England, Midlands and S. Wales
Dry with hazy sunshine. Max 20C (68F).

N. Wales, N.W. England, N. Scotland and N. Ireland
Dry and bright but cloudy later. Max 18C (64F).

N. and E. Scotland
Showers with bright intervals. Max 15C (59F).

Outlook: Dry and warm in South but cooler with showers in North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	L. Ang.†		—	—
Algiers	S	32	90	Luxmbg.	F	17	63
Amsdm.	F	17	63	Luxor	S	36	97
Athens	S	29	84	Madrid	S	32	90
Bahrain		—	—	Majorca	S	33	91
Barcina.	S	30	86	Malaga	S	27	81
Beirut		—	—	Malta	S	32	90
Belfast		—	—	M'chstr	C	16	61
Belgrd.	S	25	77	Melbne.	R	10	50
Berlin	F	18	64	Mx. C.†		—	—
Biarritz	F	26	79	Miami†	S	25	77
Bmghm.		—	—	Milan	F	27	81
Blackpl.	C	16	61	Montrl.†	S	16	61
Bordx.	S	27	81	Moscow	F	23	73
Boulgn.	F	16	61	Munich	F	22	72
Bristol	F	17	63	Nairobi	C	21	70
Brussels	F	19	66	Naples	S	30	86
Budpst.	F	24	75	Nassau		—	—
Cairo	S	31	88	N'castl.	C	17	63
Cardiff	C	18	66	N York†	S	19	66
Cas'b'ca	F	22	72	Nice	S	26	79
Cape T.	S	16	61	Nicosia		—	—
Chicg.†	S	19	66	Oporto	F	22	72
Cologne	F	18	64	Oslo		—	—
Cpnhgn.	C	15	59	Paris	S	22	72
Corfu	S	31	88	Perth	C	15	59
Denver†	F	15	59	Prague	F	20	68
Dublin	C	16	61	Rykjck.	F	12	54
Dbrvnk.		—	—	Rhodes	S	27	81
Ednbgh.	C	17	63	Rio J'o†		—	—
Faro	C	22	72	Rome	S	29	84
Florence	S	32	90	Salzbrg.	S	23	73
Frankft.	F	20	68	S'crsco†	C	13	55
Funchal	F	23	73	S. Moritz		—	—
Geneva	S	23	73	Singapr.	C	31	88
Gibrltr.	S	23	73	S'tiago†		—	—
Gl'sg'w	C	15	59	Stckhm.	R	16	61
G'nsey	S	17	63	Strasbg.	F	22	72
Helsinki	S	17	63	Sydney	S	18	64
H. Kong	C	27	81	Tangier	S	33	91
Innsbrk.	F	24	75	Tel Aviv	S	27	81
Invrnss.	C	15	59	Tenerife	F	24	75
I.o.Man		—	—	Tokyo	S	27	81
Istanbul	F	24	75	T'r'nto†	S	12	54
Jersey	F	17	63	Tunis	S	38	100
Jo'burg	S	15	59	Valencia	S	28	82
L. Pims.	F	24	75	Venice	S	28	82
Lisbon	F	22	72	Vienna	F	24	75
Locarno	S	26	79	Warsaw	F	18	64
London	C	20	68	Zurich	S	22	72

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

No builders yet on M2

Index rose 5.4 to 548.4

The gilt-edged market was firm yesterday, enabling the Government Broker to supply his short tap, and the equity market rallied, although it remains below 550 on the FT 30-Share Index. The primary factor inspiring bonds was last week's good U.S. money supply figures, and the warm glow was enhanced by the anticipation of a satisfactory glimpse of the June UK figures today.

This month's full monetary data will be fuller than usual with the inclusion of the experimental M2 series, unveiled in the recent Bank of England Quarterly Bulletin. The M2 aggregate is supposed to measure the balances held by the private sector for transaction rather than investment purposes.

Thus it excludes very large overnight balances held by—for example—investment institutions, even though these find their way into the present M1. It includes notes and coin, sight deposits, all accounts on which cheques may be drawn, and all deposits of less than £100,000 which have less than a month to run to maturity, or which may be turned into cash with loss of up to a fortnight's interest. The £100,000 limit is clearly a fairly arbitrary cut-off point, but something of the sort is probably inevitable.

The most serious failing of the new aggregate is that it only covers the banking system, and many deposits with building societies are in practice transaction balances.

The Bank promises to do something about this, but it will have an enormous problem in deciding what the economic purpose of a building society share account is. It is hard enough, as struggles with the PSL2 aggregate have shown, to measure how liquid deposits such as term shares are: a term share can have a three-year life, but may be turned into cash if the lender will accept an interest rate penalty. If the Bank of England decides to put all "liquid" building society deposits into M2, it will end up with a measure of money a good bit bigger than the £86bn sterling M3.

On the more general monetary front, the Bank declares ex cathedra that the scale of money market arbitrage—the "round-tripping" that inflated the money figures over the winter—has been greatly exaggerated. The wilder estimates of the cumulative scale of round-tripping do seem to have ignored the fact that arbitrage operations are self-liquidating. But the Bank's sums, setting out to prove that arbitrage does not pay, make the unrealistic assumption of an acceptance commission as high as ½ per cent on all bill transactions. The Bank has "made extensive enquiries, both among banks and among borrowers": astonishingly, it has been told that not very much arbitrage goes on here, sir.

Heron/UDS

Most predators who have built up a 4.9 per cent stake in a company in secrecy come out into the open these days only when they make a lightning bound to 14.9 per cent. Yet Mr Gerald Ronson, who was denying only a fortnight ago that his Heron Corporation held any UDS shares but now turns out to have been buying quietly for months, poked his head above the parapet yesterday by disclosing a 5.1 per cent interest.

Heron has some history of taking investment, or rather trading stakes, without making a full bid. And in this instance it may be trying to flush out another bidder, an idea perhaps picked up in its recent encounter with Mr Robert Holmes à Court. A disclosed stake ought at least to plant a bomb under the UDS management.

UDS is certainly a target of sorts, floundering about with its share price near a 5½-year low, which leaves it capitalised at only 30 per cent of the £380m current cost net worth. Land and buildings alone are in the current cost balance sheet at over £300m, while the whole group stands in the market at £116m. At the moment UDS is one of those stocks that makes the FT 30-Share Index, of which it is a long-standing constituent, so easy for the Sunday newspaper tipsters to outperform. All that may be about to change.

SGB

SGB was one of the last companies in the UK construction sector to fall prey to recession and, judging from yesterday's figures for the half year to March, is still in the thick of it. Profits have risen 4 per cent to £5.2m pre-tax but the contribution of the UK activities has dropped by a third to £2.5m.

The profitability of the export business has more than trebled and the South African subsidiary is still improving. At home, however, plant is being hired at rates up to 50 per cent below what it is needed to fund replacement costs, though just now, SGB is keeping its capital commitments to a minimum. It generated roughly £1½m of cash in the first half even after spending £3½m on acquisitions. The depreciation charge is levelling off and the company is making use of taxable capacity by stepping up its leasing business.

Capital spending is now equivalent to only half the annual historical cost depreciation charge but this ratio could change dramatically once construction activity recovers. This is likely to show through sooner in plant-hire than in the core UK scaffolding business. At last night's price of 175p, down 3p on the day, the historic yield on SGB shares is 4.6 per cent.

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